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Management in the Public Service

THE QUEST FOR EFFECTIVE PERFORMANCE

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Management in the Public Service

THE QUEST FOR EFFECTIVE PERFORMANCE

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To Catherine

Preface

This volume has been planned as part of a two-volume sequence. It has long seemed to me that the subject matter of public administration as a component part of the broader subject of government needed a more systematic or conceptual base. In my own teaching and administrative experience I have found it helpful to think of the *common* problems of government administrative agencies as essentially of two kinds. The first I would label the "politics of public administration." Here it seems to me the student and the practitioner are concerned with the constitutional basis or framework of administration in our form of government, and then with the relations of administrative agencies to the three great branches of legislature, executive, and judiciary.

I recognize, of course, that such a formulation of the politics of public administration focuses primarily upon the institutions of political decision in our society rather than upon the dynamics of political parties and pressure groups. But since both these latter must eventually assert their power and influence through the formal structure of government, it has seemed preferable to me for the student of public administration to concentrate his attention upon the institutions of governmental power.

I have long been unhappy with the disposition of some political scientists to look upon the chief executive in our scheme of government as a chief administrator. Others I am sure have shared this same dissatisfaction. For reasons of constitutional status and administrative convenience, legislatures have seen fit to recognize chief executives as managers-in-chief of administrative work. But chief executives are far more important figures than mere administrators. Hence I prefer to regard the chief executive as one of a triumvirate of institutions possessing governmental power whose duties include, among others, oversight of the work done by administrative agencies.

Are administrative agencies then to be regarded as a "fourth branch" of government? I believe that they have no such exalted status. Rather, they are a kind of subordinate echelon of government subject in our scheme of things to the supervision of legislature, chief executive, and judiciary. The scope of the administrative interest of the three branches varies with circumstances and personalities. The administrator in the public service is concerned with all three, and ignores any one branch only at his peril.

So it seems to me that the politics of public administration is concerned with how administrative agencies in our government are kept subject to popular direction and restraint in the interests of a free society through the operation of three coordinate branches.

I have conceived of the second kind of common problem in public administration as embracing the problems of management. It is to this subject that I have devoted my attention in this present volume. Sooner or later I shall hope to provide the companion piece, but since events have now propelled me from the realm of theory to practice, that other volume will no doubt be somewhat longer delayed than I had originally intended.

The word "management" in the title here implies that our interest is in the operation of administrative agencies as such. The apex of our attention for the present is the department head or the chief officer of any other separate administrative agency of government. Moreover, as I have already suggested, this volume deals with the *common* problems of management, with the interests and concerns of management which spread from one agency to another regardless of its substantive field of activity, whether it be education, national defense, public health, foreign affairs, police protection, utilization of national resources, or garbage disposal. I have explained this concern with common problems further in the first chapter.

I shall not quarrel with the student of public administration who wishes to expand his interest into the substantive merits of government policy and program. These are the exciting issues of politics. But apart from the field of foreign affairs, the political scientist has often been negligent in preparing himself adequately to deal with the intricacies of government economics, urban land use, public-health medicine, or even educational philosophy. For present purposes I have had to eschew these exciting subjects to deal with the more prosaic matters of management as a process of getting work done.

I do not apologize for this concern with mechanics. If this volume has a single theme, it is suggested by the subtitle: *The Quest for Effective Performance.* There is little point in debating the ends or functions of the state, if we have no confidence that, once resolved, those ends cannot or will not be effectively administered. The student of management is concerned with means to a great end: the accomplishment of the goals in governmental service that a free society determines for itself. I have tried in the final chapter to express something of the reasons why political scientists, and others, do well to concern themselves with mechanics.

In writing this volume I have naturally drawn upon both thought and deed. It has been my privilege to be a participant in large-scale administrative effort in five years as a public servant, however modest the capacity. I have had the opportunity also to participate in several surveys of government agencies at Federal, state, and local levels. Much of what is recorded here is therefore based upon personal experience and close-hand observation as well as upon the writings of others and upon my own reflections. Where the one may start and the other leave off is beyond my ability to say.

But I have tried to keep my attention directed to the major questions of procedure which management in the public service must face. And at all times I have endeavored to emphasize that it is the *public* service we are here describing. There are many common problems which management in the public service shares with management in private business and other agencies. This is not a treatise on management but a treatise on the public service.

Yet there have been times when what I have had to say borders upon the realm of a government management manual. It would have been more exact to have cast many sentences in the form, "If management desires to obtain this result, then it should follow this course of action." I have used the imperative statement alone, because it is so much easier for the reader and because I am sure the student will understand my intention only to convey a sense of present knowledge about desirable management practice. If one indulged all the qualifications this or any other subject deserves, books would never get finished, let alone read.

I am indebted, of course, to many persons who over the years have influenced my thinking about public administration. I have been fortunate in the persons I have known. I cannot mention them all, but I would at least desire to acknowledge how much I have profited from the wisdom of my Columbia colleague, Professor Arthur W. Macmahon. My first extensive effort at detailed study of organization was made at the expense of two Army officers who were later to be both my superiors and my friends, General Brehon Somervell and Major General Clinton F. Robinson. Both are persons of keen perception into the very problems which are outlined here. Dr. Luther H. Gulick introduced me to my first extended sojourn into active administration, and I have always been proud of my friendship with Louis Brown-low and several of his associates. These and others are those with whom I have been in sympathetic association over the years and from whom I have learned so much. I shall be content if they find only a small bit of their wisdom reflected here.

Finally, I should like to acknowledge the faithful assistance of my secretary, Miss Mary Ann Sanders, in hastening this manuscript to completion.

JOHN D. MILLETT

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INTRODUCTION

CHAPTER 1 *The Nature of Management*

Management is the process of directing and facilitating the work of people organized in formal groups to achieve a desired goal. Management may not be indispensable to group activity, but it is essential in utilizing limited resources to accomplish maximum output, that is, in order to prevent wasted effort by individuals. Without some source of central direction and guidance, individuals in any sizable number cannot work together successfully or efficiently over a sustained period of time. In other words, formal organization of work and a high degree of specialization of labor make management imperative as the means for ensuring performance of any undertaking.

Management is a system of authority and responsibility in administrative effort. In the public service, management must necessarily function within the limits of purpose and procedure fixed by the political processes of government. In a democratic society, management must at all times observe the traditions, the basic tenets, and even the ritual of that society. But within certain limitations to be discussed below, management is the mechanism which exercises the authority and accepts responsibility for carrying on certain specified activities. In a large organization this system of management authority and responsibility is structured; that is, it is formally created to operate in a hierarchical pattern. Often the term "top management" is used to refer to a particular "level" of authority and responsibility, or even to the small elite element among the whole management group. But the tasks of management are not necessarily confined to one particular step in an organizational structure. In varying degree of elaboration, management is to be found in the administrative process at many different hierarchical levels of authority and responsibility.

Management is a collective term. Management is more than a single manager or administrator. It is a group of persons who exercise jointly the authority and the responsibility for group activity. In a simple administrative situation—in a work gang, in a stenographic pool, in a bookkeeping office, in a printing shop—there may be a single foreman, chief clerk, or supervisor. The task of management in these circumstances is relatively easy to perform without an array of assistants. In a large city school system, in a state road department, in a regional internal revenue office, in the office of the Secretary of Defense, no one person can assume all the duties of management. Formal authority and responsibility may be vested in a single person, but effective performance of the work of management requires a number of competent, specialized assistants. In these situations management is not just a single individual with the title of superintendent, or chief engineer, or director, or Secretary; management is a whole group of persons.

In qualitative terms management may be effective, indifferent, or ineffective. The quality of work performed by any group is not an easy attribute to measure, since the standards one uses are so often matters of personal judgment. Yet there would be common agreement that the management evident in various organizations does differ in quality. In general, effectiveness would seem to depend upon three factors. The first is the state of personal relations within a management group and between management and subordinate working groups. If personal relationships are harmonious, cooperative, inspired with determination to achieve a common goal, fired with enthusiasm for a common purpose, and infused with loyalty to the group, then management is effective. The second factor is work accomplishment. If the output of an organizational unit is subject to some degree of quantitative enumeration—number of purchase orders executed, number of health examinations completed, number of structures built—then effective management may be indicated by the work record over a period of time. If output cannot be quantitatively determined, then some other periodic evaluation may indicate whether the desired group goals are being substantially achieved. The third factor is efficiency. Efficiency may be the engineering concept of relationship between physical units of input and output in a given enterprise. Efficiency may be a fiscal quality: the relationship between dollars spent and income obtained. Or efficiency may be the relationship between human costs incurred and human satisfactions or benefits produced.[1] In whichever sense the term "efficiency" may be used, the management which creates some evidence of efficiency is effective.

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[1] See the article on "Efficiency" by Sumner Slichter in *Encylopaedia of the Social Sciences* (New York: Macmillan, 1931), vol. V, p. 437.

In brief terms, then, management embraces the essential elements of authority and responsibility exercised in the process of directing and facilitating the work of people organized in formal groups for achieving a common purpose. Management is a collective endeavor by a management "team." It may be evaluated in terms of effective performance.

AUTHORITY

Authority is the basis of management, the foundation upon which management constructs its efforts to influence the action of the "subordinates" of organizational hierarchy. Here, then, we must understand one of the first prerequisites of authority. A fundamental characteristic of organization is hierarchy, a formalized structure of relationships. We cannot stop here to inquire into the various aspects of hierarchy. We shall simply accept the basic proposition that the hierarchy of government administration is initially provided or outlined by political processes resulting in either constitutional, statutory, or executive prescription.[2] Within these limits management in the public service may determine the features of organizational hierarchy.[3] For our purposes a formalized structure of organization may be assumed to exist and to provide the setting within which authority is exercised.

The whole subject of authority in administrative organization may be approached from three different points of view. One is legal in nature, emphasizing the formal sources of authority and the rules or norms which both define the scope of authority and limit its exercise. Another point of view identifies authority with status in organization, and endeavors to define somewhat precisely the degree of authority exercised by reason of the position which an individual may hold in an organizational structure. A third point of view defines authority in terms of human relationships, that is, in terms of the acceptance of authority. Organization is people working together, and personal relationships necessarily modify the formalities of authority. Sometimes management has been appraised in terms of "wisdom of judgment" or of "personal influence."[4] Chester Barnard has argued that the primary element of authority is its acceptability to those subject to it. He then postulates four conditions which are essential to the acceptance of authority: (1) an understanding of the instructions received,

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[2] This proposition will be discussed by the author in another volume.

[3] See Chapter 7.

[4] See, for example, the discussion in Ordway Tead, *The Art of Administration* (New York: McGraw-Hill, 1951), Chap. 8.

(2) a belief in the compatibility of the instructions with the end purposes of the organization, (3) a belief in the compatibility of the instructions with an individual's own personal interest, and (4) ability mentally and physically to comply with the instructions received.[5]

All three of these points of view are essential to understanding the nature of the authority vested in and exercised by management in the public service. Because public service is founded upon law, because in our society legal norms are given a high order of importance, the legal basis of administrative authority is very important. In formal organizational structures, such as those of the administrative agencies of government, authority is vested in status, in positions, regardless of who may be the particular individual or individuals holding a specific post. Indeed, a major factor in making authority acceptable is the element of legitimacy, the tradition and usage which endows certain positions with authority. A chief executive, whether President, governor, or mayor, is expected to exercise a certain degree of authority in our governmental structure, whatever his party affiliation and whatever his personal gifts or limitations. The same is true of a department head or a bureau chief, of a budget officer or a personnel director, of a legal adviser or a purchasing officer. In a military organization, also, certain authority of command inheres in such positions as the commanding general of an army, a corps, or a division, and in such positions as the commanding officer of a regiment, battalion, or company.

But personality considerations also influence the exercise of authority. Management, we say, exercises wisdom and good judgment, or evidences effective operation, by the way in which it obtains widespread response to its decisions. Such wisdom and effectiveness usually mean that decisions express goals or values widely accepted within an organization and capable of arousing sustained and enthusiastic effort in their accomplishment. The authority of "leadership" often rests upon the personal factors of superior knowledge or ability which evoke favorable response from others. The leader achieves acceptance of his authority, while the nonleader fails to do so, regardless of his official position. In this sense authority may be informal rather than formal, meaning that certain individuals in an organization may be far more influential than others in determining the action of others. All three elements of legality, status, and human relations must be kept in mind in the study of authority.

There is still another way of analyzing authority. We may observe it as administrative process, involving three different steps: (1) the making of a decision, including all the legal, organizational, and personal considerations which permit a person or group of persons to decide the issue in question; (2) the communication of a decision by various media and in various terms to those whose action is to be affected thereby; and (3) the execution of a decision in varying degrees of conformance with the original intent. Authority must necessarily be thought of in these terms of process, for the whole concept of authority is meaningless unless it is exercised, unless it results in action of some sort within an organizational structure. Accordingly, we must bear in mind that authority is manifested in the public service as a process which influences the action of those persons who make up the organizational structure, and even of those persons who constitute the clientele of an administrative agency.

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[5] Chester I. Barnard, *The Functions of the Executive* (Cambridge, Mass.: Harvard University Press, 1938), p. 165.

The Purpose of Authority

Any concept of authority in governmental organization is necessarily closely allied with a concept of power. Public administration is an instrument for the exercise of political power. Administrative organization is the formalized structure for exercising certain powers of government, and management is the group of persons and the process by which organization is animated to accomplish these purposes.

Political power and hence administrative power may be exercised for the personal or material satisfaction of a particular individual or group of individuals. Ordinarily we associate this kind of behavior with authoritarian types of government. In a democratic government we say that power is the servant of all, not the master of any. Undoubtedly such a statement expresses a common aspiration in a society which places high value upon individual freedom. But practically, in our actual history of municipal, state, and even Federal government, there have been groups who have obtained political power and then have exercised administrative authority for the primary purpose of personal benefit. Fortunately, such situations have been episodic rather than continual and self-perpetuating.

But here we shall proceed on the assumption that the political processes in our society result in the exercise of power for certain broad purposes conceived to be in the "public interest," and that the persons who wield this power are subject in various ways and at various times to institutional and other restraints. Administrative authority is then derived from this exercise of political power and has a single basic purpose: to accomplish a particular set of goals or objectives which can only be realized through administrative action. This purpose may be quite broad in nature, such as to conduct the foreign relations of the

United States in such a way as to promote a particular conception of the national interest, or to defend our national existence from attack by other nations through the use of military force. Or the purpose of an administrative agency may be fairly specific, such as to pay prescribed benefits to all veterans or to prevent and extinguish fires which occur in a given urban community.

The authority exercised by the management group of an administrative agency is an instrument of political power operating within a prescribed sphere of competence in order to promote the public interest. We may conceive of management authority in our public service as essentially rational, exercised in order to accomplish a given objective. We would emphasize accordingly that management authority has purpose, and that this purpose provides a general framework within which such authority is exercised. We must repeat that without management authority it would be unlikely that any administrative agency would be able to accomplish the goals for which it was created. In other words, management authority is indispensable to the realization of the objectives of government action entrusted to an administrative agency. Management authority has as its basic purpose the performance of some governmental service through the administrative process.

In terms of the human relationships of administrative organization there is yet another purpose behind management authority. That purpose is to integrate the actions or behavior of the group who make up an administrative organization in order to achieve defined objectives. People working together must be directed in varying degrees if they are actually to work together, if they are to accomplish a desired end. This working together comes only as the result of a process of integration which is primarily promoted by the exercise of management authority. Without management authority the achievement of common purpose among large numbers of persons would be practically impossible.

In this dual sense we may say that the purpose of management authority is to achieve certain ends of government service by building a pattern of behavior among numbers of persons designed to accomplish certain desired ends. It is this essentially rational purpose of authority which leads to its habitual acceptance.

The Sources of Management Authority

With such a definition of the purpose of management authority it is immediately relevant to ask: Whence comes this management authority? We cannot begin here to explore the intricacies of the political processes of our society by which government fixes certain goals for administrative performance. At the moment it is sufficient to observe that management in administrative agencies plays a large and substantial part in this process. Indeed, one of the major fears of our time is that so much political power will come to be lodged in the management groups of governmental administrative agencies that they will be able to make decisions with little external guidance or restraint. However this may be—and the fear seems entirely reasonable although at times exaggerated—we may look for the sources of management authority in certain formalized practices.

First of all, management authority in our scheme of government rests upon law. Certain aspects of management authority are to be found in our constitutions, in that of the Federal government as well as in those of our state governments. Other aspects are embodied in legislative enactment, and still others in judicial interpretation. It has even been argued that the relationship of employer and employee in an enterprise is a contractual obligation entailing the right to command and the duty to obey.[6] In any event, management authority in the public service must always find its first source in legal provisions.

But formal law conferring authority upon management groups in the public service is often fragmentary and even ambiguous. It is not a sufficient guide in and of itself always to provide a sure basis of management authority. There is a second source of authority of considerable importance—tradition. Any large organization which continues in active operation over a period of time develops work habits which include a general conditioning of response to superior authority. Moreover, these work habits are often reinforced by formal training and a professional code of ethics. A professionalized civil service recognizes the existence of authority as one of the conditions of service and perpetuates obedience to duly constituted superior authority as one of the major values of the service. The individual who gains a sense of identification with the whole enterprise comes to look upon authority as one of the customary aspects of organization and only in the most unusual circumstances questions or refuses to obey that authority. Thus tradition in an organization becomes one of the very mainsprings of management authority.

In the third place, top management in an organization confers authority upon subordinate levels of management. Delegation then becomes a third source of authority. This delegation may be written or unwritten, explicit or implicit, but the very act of organizing the work which an agency does carries with it at least the implicit element of conferring authority upon those persons placed in charge of the work units. So management itself creates a structure of authority which helps to maintain an organization in effective operation. One of the primary concerns of top management in any organization is to maintain and even to reinforce the management authority of subordinate elements in the organizational structure.

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[6] Cyril O'Donnell, "The Source of Managerial Authority," *Political Science Quarterly*, vol. 67 (December, 1952), p. 573.

There are then three primary sources of management authority in the public service: (1) law, (2) tradition, (3) delegation. Each of these has its role in making management authority real.

Evidence of Authority

It may be well to note in passing that one of the necessary features in the exercise of authority is to indicate the existence of the authority which management wields. This evidence of authority is commonly manifested in this country by citing its source. Departmental orders often contain such words as "Now by virtue of the powers vested in me by [such and such] statutes, I do hereby order," etc. In earlier times seals were frequently employed to indicate to the recipient of a communication that it came from proper authority. Sometimes it is customary in financial and other transactions to have a countersignature, again often as an evidence of proper authority to take certain action. The military services use varying insignia of rank to evidence authority. Titles of rank and position are still another means. There are many ways in which proper authority may be indicated, but some evidence of authority is usually desirable in communications and in other forms of direction exercised by management personnel.

Limitations upon Authority

The very concept that authority has some legitimate source carries with it the implication that in the absence of a proper source management authority is illegitimate, illegal, or nonbinding. The first great limitation upon management authority in public service is therefore that there must be some proper source. In the absence of a positive justification for the exercise of authority, management may encounter difficulties asserting its position.

In addition, law may actually restrict management authority. In the public service, for example, there are general laws which govern the recruitment, compensation, tenure, and dismissal of personnel. There are other laws which specify procedures in the purchase of supplies. Appropriation laws fix the magnitude of what an agency may spend. Court interpretation may impose further restrictions, or at least sanction a particular meaning in the statutory limitations surrounding management authority. Thus there are many legal restrictions upon management authority in the public service.

There are also restrictions which arise out of human relations. Barnard has declared that "there is no principle of executive conduct better established in good organizations than that orders will not be issued that cannot or will not be obeyed."[7] Certainly management will ordinarily take into account the prevailing patterns of behavior in an organization in making its decisions. These customary patterns cannot readily be altered except in a period of crisis or after the most careful preparation for change. To exercise authority in such a way as to outrage traditional practices and beliefs is to jeopardize the very existence of authority itself. It is to invite a passive refusal of compliance or even active revolt. There are thus always certain limitations upon authority inherent in any given organizational situation.

In studying departmental management in 1948 for the Commission on Organization of the Executive Branch of the Government, better known as the Hoover Commission, the author found that the legal authority of departmental management often rested upon a very uncertain base.[8] There is little general legislation which confers specific management authority upon department heads in the Federal government. Section 161 of the Revised Statutes says: "The head of each department is authorized to prescribe regulations, not inconsistent with law, for the government of his department, the conduct of its officers and clerks, use and preservation of the records, papers, and property appertaining to it." But the very restriction that this authority may not be construed to contravene other statutory provisions which establish many details of purpose, organization, and procedure makes such a general grant almost meaningless. The Budget and Accounting Act of June 10, 1921, conferred budget authority upon department heads, and Executive Order 9830 of Feb. 24, 1947, conferred general authority for personnel management.

In examining departmental authority the author came to the conclusion that there were two very different types of departments in the Federal government structure and that the difference was primarily one of management authority. Some departments were created as "holding companies" wherein the department head was given simply general authority to "direct and supervise." The Department of the

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[7] Barnard, *op. cit.*, p. 167.

[8] See *Task Force Report on Departmental Management*, Appendix E, prepared for the Commission on Organization of the Executive Branch of the Government (Washington: Government Printing Office, 1949).

Interior, the Department of Commerce, and the Department of Labor were of this type. Other departments were integrated in type, with the department head enjoying extensive management authority by legislation specifically empowering him to accomplish certain specified program goals. The Department of State, the Department of Justice, and the Department of Agriculture were of this other type.

By way of contrast it may be observed that the New York City Charter approved by the voters on Nov. 3, 1936, vested all the functions of each department, as enumerated, in the hands of the commissioner. This meant in effect that extensive management authority was provided by law to each head of a city department.

Top-management authority is legally substantial only when a department head is given the power to carry out the programs or basic purposes of the agency. When the authority to conduct programs is vested in specified bureau chiefs and the department head enjoys simply the authority to direct and supervise, top-management authority is limited.

There is another kind of limitation upon management authority which must be clearly acknowledged. This is the limitation of political responsibility which we shall discuss further in the next section. In general we may note that in our scheme of government, management authority must ever be tempered in terms of extensive relationships external to the administrative agency itself. In the exercise of its authority management must be concerned for the possible reaction of the clientele depending upon its services and upon all other groups interested in an agency's activities. The possible reaction of legislators and of the chief executive must also be borne in mind.

It is no exaggeration to say that management authority in public administration is well circumscribed. There are no administrators and their staffs in the public service who can lay claim to unlimited management authority. One of the major features of the management task in the public service is to exercise authority in ways which will be largely agreeable to many different persons both inside and outside the administrative agency itself. Authority exercised in this fashion cannot be dictatorial in nature.

Adequacy of Authority

When we acknowledge the many limitations which circumscribe the exercise of management authority, we immediately confront the question whether authority so limited can be adequate to realize its fundamental purpose. This is not an easy question to answer in government administration. We live in a political society which has grown up in a tradition of mistrust of government power. We have expressed that mistrust by many different institutional arrangements, such as constitutionalism, federalism, and the doctrine of separation of power, which purposefully limit or diffuse political power. More than this, our society has encouraged a great pluralism of groups struggling and competing for power. Under these circumstances management authority may at times be confused because political power is confused. One price of our democracy is to have just such uncertainties. On the whole that price has not yet proved in experience to be unreasonable.

In 1949 the Hoover Commission in its first report chose to emphasize authority and responsibility as the two most important aspects of management which needed further attention.[9] The Commission expressed the belief that management authority was inadequate in the Federal government, declaring that "definite authority at the top, a clear line of authority from top to bottom, and adequate staff aids to the exercise of authority do not exist." The Commission summarized the existing situation in its finding that "authority is diffused, lines of authority are confused, staff services are insufficient." This situation was reported to characterize the management authority of the President and the management authority of department heads.

Although the Commission declared that a remedy to this situation was a "first and essential step in the search for economy and efficiency" in government administration, the Commission did not suggest what this remedy should be. It spoke of establishing a "clear line of control" from the President to department and agency heads and from them to their subordinates. It spoke of improved "staff services" and of the need for executive training and development within the public service. The Commission then made several more specific suggestions about staff organization in the Executive Office of the President and about staff organization for department heads. The only definite statement in the Commission's recommendations about authority was as follows:[10]

> We recommend that the department head should be given authority to determine the organization within his department. He should be given authority to assign funds appropriated by the Congress for a given purpose to that agency in his department which he believes can best effect the will of Congress.

The management duties of a chief executive are simply one phase of the broad range of governmental functions which he must perform.

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[9] Commission on Organization of the Executive Branch of the Government, *General Management of the Executive Branch,* a report to the Congress, February, 1949 (Washington: Government Printing Office, 1949).

[10] *Ibid.,* p. 41.

The role of the chief executive, however, must be studied not primarily in terms of administrative management but essentially in terms of the political power he exercises as one of three branches of government. This is a subject which cannot be fully explored here. For our immediate purposes it is better to examine the adequacy of management authority in terms of departmental management.

It seems that management authority commensurate with the duties of management must consist of at least these elements:

1. Program authority—the power to determine the goals of administrative activity within the limits of statutory and executive direction.
2. Organizational authority—the power to create the administrative structure necessary to accomplish stated program goals.
3. Budgetary authority—the power to frame budgetary needs in terms of program goals and to execute budget programs as enacted into law with discretion and flexibility.
4. Personnel authority—the power to determine personnel assignments and appointments, within broad limits of salary, recruitment, and tenure set forth in government legislation.

In varying degrees these component elements of management authority are vested in department heads in the public service and in turn are vested in bureau chiefs. There seem to be two principal reasons, other than limitations of personality itself, why some department heads have not received this full measure of authority. One is the fact that some departments, as we have noted, are organized as a kind of hodgepodge of varied activities, each of which separately has been a primary object of legislative interest. Legislatures are then reluctant to vest full authority in department heads lest the interest group and legislative concern with a particular activity be diluted beyond the point of effective influence in the larger setting of a "superdepartment." In other words, management authority at the department level must ever struggle with the political manifestations of a pluralistic system of political power in our society. It is the author's personal opinion that too little attention has been given to this factor in organizing departments in our Federal government.

In the second place, legislatures put restrictions upon management authority because they distrust extensive administrative discretion. Sometimes department heads or others have indulged in certain malpractices for their own benefit or the benefit of a few other individuals. Sometimes department heads and others appear to have been arbitrary in their actions, or indifferent to legislative requests. Sometimes department heads seem uninterested or unconcerned about certain types of activities under their authority. Sometimes legislatures obtain a prejudiced point of view about management behavior because they receive critical comment from discharged employees and other disgruntled employees. Such circumstances often result in legislative restrictions upon management authority. Only under peculiarly favorable political circumstances do department heads enjoy the full extent of the management authority outlined above.

Sanctions of Authority

Anyone who confronts the phenomenon of authority in organized groups sooner or later must face the issue of the sanctions available for its enforcement. In public administration the important sanction is the power of dismissal. This is the capital punishment of life in organized groups. For this very reason the sanction has been surrounded with various conditions intended to prevent arbitrary use. Indeed, from time to time one hears that a department head or a bureau chief believes it to be virtually impossible to dismiss an employee. We shall examine this problem later in this volume.

There are of course lesser disciplinary actions: suspension without compensation for a particular period, withholding a promotion or a pay increase, reassignment to another job or to another place, and official reprimand. All these methods of enforcing management authority in an organization are employed from time to time. Such sanctions are very real and play their part in making management authority effective. But sanctions are ordinarily used only in individual instances where a very few persons are involved. Sanctions are not apt to be very effective where there is widespread hostility within an agency to some particular manifestation of management authority.

The positive inducements or incentives which make for acceptance of or obedience to management authority are of primary importance. Social custom is one; what Barnard has called the "zone of indifference" or the extent to which many persons are willing and eager to accept leadership is another. The promise of reward, such as promotion, the formal acknowledgment of appreciation, the official recognition of services rendered—these, too, enforce management authority. Many persons are won to an acceptance of management authority in the belief that it is promoting their own interest in worthwhile group effort.

The use of sanctions is a kind of last resort in those few instances where the positive inducements to the desired mode of behavior are not sufficient.

Authority and Individual Status

A democratic society professes to believe in the values of individual dignity and worth. How, then, can these values be reconciled with the exercise of management authority? This is not a new conflict but one as old as all thought about man and society. No person can live without at some time being a member of some social group, whether it be the family, the school, the church, a business unit, or the state. And social groupings always employ sanctions in one form or another to enforce conformity to standards of behavior which make group life livable.

The fact is that man is essentially a social being and that he must live in organized groups in order to realize his own individual fulfillment. Yet the values of individual personality which our Western society has so carefully nurtured over centuries of life cannot and must not be dismissed as meaningless. The reconciliation of social and individual values is not easy to formulate, but in our society we seem to have found an institutional answer through the diffusion or plurality of social groupings. We have endeavored to avoid supreme power in any one organization. Thus we have many churches, many business units, many unions, many colleges and universities, many governments, and many administrative agencies. It is in this diversity and variety of social groupings that we have found the institutional means for promoting individual values.

If the individual person is unhappy in any one particular social grouping, if he finds the management authority in an administrative organization unreasonable or unbearable, he may voluntarily leave and seek association in some other grouping. It is alternatives of choice among social groupings, not the absence of social groupings, which make possible the realization of individual values within our society.

To be sure, there are various indications that the variety of choice in our society may be diminishing, that social groupings are becoming more rigid in character, and that free movement is not as easy as perhaps it once was. Yet it must be evident, too, that considerable alternatives of choice still exist, and that these still promote individual values in our society.

Management authority, we would argue, is indispensable to group effort. It is indispensable in the administrative agencies of government. We do not advance individual values by an absence of management authority. Anarchy is incompatible with group life or with organized administrative effort. But our society as a whole and in its component parts must be concerned to promote variety of institutional groupings.

Management authority which would be true to our traditions does not abdicate its status but rather asserts its power in ways consistent with this fundamental feature of American society. It is a monopoly of management authority which is likely to destroy individual values.

RESPONSIBILITY

It is customary to link the two words "authority" and "responsibility." Up to this point we have been developing the concept of authority as exercised by management in the public service. We must be equally concerned to understand the meaning of management responsibility.

In essence responsibility means that management is held accountable for the results arising from its exercise of authority. Management must have authority in order to achieve its purpose in giving direction to group effort. But this authority is accompanied by responsibility for the results of its exercise.

Management responsibility as an actuality is meaningless unless there is another party besides management involved. Or, to put it differently, management must be held responsible to some other group or person than management itself. Responsibility implies relationship, and in order to be effective that relationship must impose obligations which if not fulfilled may result in some sort of disciplinary action. A system or structure of responsibility is our principal means of guarding against an abuse of management authority. In other words, responsibility limits the exercise of authority.

In constructing a system of management responsibility to parallel a system of management authority in the public service, our society has developed three different forms or practices. Each has its important role in enforcing management's sense of responsibility. The first of these practices we usually label "political responsibility." The second is "institutional responsibility." The third is "professional responsibility." We shall examine each in turn.

Political Responsibility

In government the most important responsibility limiting management is political responsibility. Yet interestingly enough our system of government has never developed any clear-cut and definite concept of political responsibility to be observed by administrative agencies. We have no doctrine comparable to that of ministerial responsibility as observed in British government. In the United Kingdom the heads of the major state agencies are members of Parliament and in their collective capacity make up the Government of the Day, which is both leader of the legislature and executive of the realm. In his individual capacity each minister, that is, each head of a department, assumes responsibility on behalf of the Government of the Day for the direction of the administrative activities over which he presides. The minister accepts responsibility for all that transpires within his department, and collectively all ministers continue in office only as long as they enjoy the confidence of a majority of the membership of the House of Commons.[11]

This scheme of ministerial responsibility has been called the "theoretical basis" of the modern English constitution and is the major element in the system of parliamentary government. The American system of government is different, and we have been slow to develop a theory of political responsibility for administration consistent with our governmental structure. Indeed, the enforcement of political responsibility on the part of administrative agencies is institutionally shared by our legislatures and our chief executives. Both have essential parts in controlling the behavior of administrative agencies. The devices for ensuring political responsibility are several, and sometimes confused. It is not always easy for management to understand to whom or exactly how it is responsible. This is one of the hazards of administrative operation in our government.

In general any arrangement for political responsibility in the management of public administration must depend upon two elements. First, there must be officials in charge of a department or agency who are selected for their political capacity and who can and do provide the necessary political guidance to administrative activities. The desirable number and status of these political officials is a matter for later discussion. This active political element in administrative management assumes political responsibility for the work of an agency and is answerable to both chief executive and legislature for its conduct.

The second necessary element is political loyalty on the part of the career officials who serve in the remaining managerial posts within a department or agency. There was a time historically in American government when common practice assumed that political responsibility within administrative management could be assured only by wholesale changes of personnel whenever chief executives changed. With the development of large-scale government services of increasing complexity, and with the growth of specialized knowledge in so many fields of government work, technical knowledge and proficiency have become as indispensable in the performance of administrative activity as political dependability. The idea of career and merit appointments to administrative service has continually gained ground in our political thinking and our administrative practice.

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[11] The meaning and development of ministerial responsibility have been sketched in John D. Millett, *The Unemployment Assistance Board* (London: George Allen and Unwin, 1940), published in the United States as *The British Unemployment Assistance Board* (New York: McGraw-Hill, 1940).

But the idea of career and merit appointment to public service, together with its accompanying security of tenure, has a necessary corollary too little acknowledged in our government. The price of a merit or career government service is political loyalty by the permanent bureaucracy to the political management of departments and agencies. Political loyalty by all echelons of management subordinate to the political group is absolutely necessary if management is to be politically responsible in our government.

The personal experience of the author has indicated that the Armed Forces of the United States, one of our outstanding career services, have for a long time cultivated a tradition within their membership of political loyalty to the party in control of the government. Other career services have not given the same attention to this tradition, perhaps partly because they have not had the same elaborate system of education and continual training for their personnel. Those persons appointed to public service on a merit basis have to acquire this tradition of political loyalty from observation and practice within administrative agencies.

Some persons doubt that a political loyalty willing to accept any kind of political leadership is possible in a permanent bureaucracy. The argument is that officials appointed on a career basis will most likely be recruited from the dominant social and wealthy groups within the state and will be loyal only to political leadership which evidences the same political attitudes as those held by the permanent personnel. This belief became almost an item of religious faith on the part of the late Professor Harold J. Laski in England.[12] His position was elaborated and documented by an American friend.[13] A study of political conflict in a province of Canada has asserted that "top-line civil servants" resisted the policies of a radical party, the Cooperative Commonwealth Federation, when it gained political power.[14]

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[12] The point of view is developed in his *Parliamentary Government in England* (New York: Viking, 1938), Chap. VI.

[13] J. Donald Kingsley, *Representative Bureaucracy: An Interpretation of the British Civil Service* (Yellow Springs, Ohio: Antioch Press, 1944).

[14] Seymour Martin Lipset, *Agrarian Socialism* (Berkeley: University of California Press, 1950).

There have been stories from time to time that some permanent officials in the Federal government were less than enthusiastic about the New Deal policies of the 1930's. Such reports have been especially current in those instances where there were fairly well-established career services, as in the State Department and in the Department of Agriculture, and where substantial policy changes were introduced after 1933. The alleged difficulties of administrative rigidity in so-called "old-line" agencies were used to justify the creation of many new agencies after 1933. In 1953 there were occasional reports of a supposed need for an extensive "house cleaning" of New Deal–minded bureaucrats from the government service.

The author's personal opinion is that, at least in so far as the United States is concerned, the fear of bureaucratic hostility to political leadership has been exaggerated. To be sure, civil servants by virtue of government employment do not thereby cast aside their previous social and political attitudes, whatever these may have been. But the author's experience has indicated that personnel procedures have for the most part brought persons of many different social backgrounds into the public service and that by and large the permanent service pretty well reflects the many different points of view of American society. For example, the requirement of geographical distribution of civil service appointments and Congressional dislike of educational qualifications for public employment have tended to give a peculiarly widespread social background to the public service.

Moreover, the author has known numbers of highly placed civil servants who were able to subordinate their own political ideas and preferences to the leadership of the politically responsible officials. A number of the most effective administrative officials in government departments after 1933 had been in government service for many years and worked under very different department heads.[15] The author is equally certain that many top government servants in 1953 were quite ready to accept the political leadership of the Eisenhower administration.

The point remains that a permanent civil service must cultivate a tradition of loyalty to the political leadership of the day if it is to be worthy of permanent tenure. No other attitude is compatible with a free political society or with the ideal of political responsibility in administrative management. We may couple with this qualification the further desirable attribute of basic loyalty to the fundamental traditions of our own society.

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[15] The careers of some of these have been recounted biographically in Arthur W. Macmahon and John D. Millett, *Federal Administrators* (New York: Columbia University Press, 1939).

Political loyalty does not necessarily mean personal subservience. As one commentator has put it, "A subordinate's responsibility includes the obligation to tell his boss things which the latter may not want to hear."[16] The permanent official must give his best available advice to the politically responsible official, but he must also recognize that the decision in the end on crucial matters must be that of the political head, and the career official must do his best to make it effective.

An episode during World War II well illustrated the desirable standard of behavior. In planning for the shift of major military strength from the European theater of operations to the Pacific, the Army Service Forces, the transportation and supply agency of the War Department, prepared to move large numbers of troops and supplies. As head of the agency, and upon the advice of his staff, General Brehon Somervell recommended that the shift could be most economically and efficiently accomplished if troop transports and cargo ships loaded at several different European ports and sailed directly by way of the Panama and Suez Canals to their specified Pacific designations. Secretary of War Henry L. Stimson disapproved this recommendation in so far as troops were concerned. He decided that all soldiers who had served in Europe should be returned to the United States and have 30- to 45-day furloughs before proceeding to further military service in the Pacific. It was pointed out to the Secretary that American rail capacity for such a movement would be severely taxed and that it was doubtful if the Pacific ports of the United States could handle the volume of traffic necessitated by this policy. The Secretary insisted that his decision stand, and General Somervell and his staff then loyally proceeded to do their best to carry it out, even though it meant sizable readjustments in plans. New and more drastic curtailment of civilian rail traffic had to be imposed. Fortunately, the sudden and unexpected surrender of Japan occurred before the movement got well under way.

But this incident represented the essentials of political responsibility: the careful presentation of plans by the career operating staff, their modification by political leadership in the light of the broad consideration of values at stake in an operation, and the loyal acceptance and execution of the final political decision by the career officials.

One of the difficulties in enforcing political responsibility in our system of government is the problem of deciding who speaks politically for the guidance of administrative management. We have suggested here that the department or agency head furnishes the political leadership for the career service. Within broad limits this is the generally prevailing practice of American government. But administrative life is not always this clear-cut and definite. One student has written: "An administrative agency should be responsible to the legislature, but only through the chief executive, and primarily for broad issues of public policy and general administrative performance." [17] By this standard it seems evident that the Army Corps of Engineers has been an "irresponsible" administrative agency in developing and executing programs for flood control and navigation of the nation's rivers.[18] Presidential efforts to determine the projects of primary need have been countered by legislative insistence upon authorizing projects on a more or less "logrolling" basis. In this process the Corps of Engineers has worked closely with legislative committees to such an extent that it is possible to say that the Corps is responsible only to the Congress and not to the President. But rivers and harbors legislation in our Federal government is a peculiarly troublesome kind of legislation, and presidents of both Republican and Democratic persuasion have criticized in vain. The administrative agency, caught in a conflict of legislative and executive wills, has decided to work with the legislature. And presidents have not endeavored to use the full power they have had to counter this situation because they, too, have decided to leave the final word in this field to the legislature.

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[16] George A. Graham, "Essentials of Responsibility," in Fritz Morstein Marx, ed., *Elements of Public Administration* (New York: Prentice-Hall, 1946), p. 517.

When an administrative agency in our scheme of government finds itself involved in legislative-executive dispute, it is not easy to fix the avenues of responsibility it shall observe. Under these circumstances there is considerable likelihood of administrative confusion. Sometimes an agency may escape effective political control altogether. Fortunately, these occurrences have not been too frequent or too widespread in our governmental history.

There are at times certain excrescences in the exercise of political control which may make the lot of the civil servant difficult to bear. Our political practices not only encourage legislative attack upon administrative officials, including the permanent officials, but also permit individual members of the legislature to voice accusations about administrative misdoing with little proof and without the approval of a majority of the legislature. Sometimes, moreover, legislators attack permanent officials rather than the political officials of the government on the grounds that the former offered the advice upon which action was taken. Occasionally it is charged that permanent officials did not properly inform the political head. All such accusations as these subject some administrative officials, especially those in an agency under general political attack, to considerable harassment. There is no counsel to offer in these circumstances except patience and the realization that in the long run these attacks air legitimate as well as unreasonable grievances. The unreasonable must be borne in order to ensure the legitimate criticism.

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[17] Arthur Maass, *Muddy Waters* (Cambridge, Mass.: Harvard University Press, 1951), p. 8.

[18] This is the thesis of the volume just cited.

The importance of political responsibility is not lessened by the fact that its enforcement may sometimes be obscured or its exercise complicated by executive-legislative conflict. The obligation to observe responsibility for administrative action still remains.[19]

Institutional Responsibility

The second form of responsibility limiting the management of an administrative agency is responsibility for the good name and continued existence of the agency itself. In unusual circumstances management may be appointed to liquidate the work of an agency. Some activities of government do from time to time outlive their need and come to an end. Yet in most circumstances administrative agencies handle activities of a continuing nature. It is management's task to keep the agency intact and to advance its sense of identity.

In discussing the responsibilities of management in private enterprise, Peter Drucker has given especial emphasis to responsibility for survival of the enterprise in the economy, including arranging for an "adequate and orderly succession to management itself." [20] The same observation may be made about public administration. Management must provide to an entire organization a sense of concern for its continued effective existence. When this does not occur, management authority is discounted, and harmonious working relationships are disrupted within an agency.

All those who make up the personnel of an organization are quick to sense whether the management is "fighting their battles" or whether those in charge appear to be more concerned about themselves or a certain few. Personnel within an organization expect management to advance the general reputation and performance of the agency and to worry about the welfare of its individual participants. In the absence of this sense of responsibility on the part of management, effective direction is apt to disintegrate.

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[19] For a thoughtful discussion of this whole subject see David M. Levitan, "The Responsibility of Administrative Officials in a Democratic Society," *Political Science Quarterly*, vol. 61 (December, 1946), p. 562.

[20] Peter F. Drucker, *The New Society* (New York: Harper, 1949), p. 204.

This sense of institutional responsibility has its evident weaknesses. For one thing, it may lead the management of a bureau, for example, to put highest value upon the welfare of that particular bureau. Management above the bureau level then encounters strong resistance in making organizational changes or even in influencing new directions for the activities performed. Management responsibility for institutional well-being needs to manifest itself in the larger context of relationships to other agencies concerned with similar or related services. Institutional identification often makes this larger sense of responsibility particularly difficult to achieve.

In addition, this sense of institutional responsibility makes it especially difficult for management to be objective in assessing its own performance and in acknowledging conditions which make all or part of its services no longer necessary. Just as Winston Churchill is supposed to have growled on one occasion that he did not become His Majesty's first minister in order to preside over the liquidation of the British Empire, so many a bureau chief or even department head has avowed that he did not reach his particular position in order to abolish his agency. It is too much to expect of either individual or group behavior that an agency will gladly and willingly sign its own death warrant. It is this very sort of institutional loyalty which so often results in what appears to be bureaucratic inflexibility or obstinacy.

The weaknesses arising from this sense of institutional responsibility, however, do not negate the importance of the basic obligation. The limitations of institutional loyalty constitute a challenge for management at higher levels to overcome. The fundamental responsibility still remains for management to protect and preserve the good name and the effective performance of an agency itself.

Professional Responsibility

One of the major characteristics of our time is the growth of professions which use specialized knowledge and a peculiar technical proficiency to help solve practical problems. There was a time in the Middle Ages when there were only three professions recognized as such—theology, law, and medicine. Today this number has been enlarged to embrace many different fields, such as engineering, accounting, business management, dentistry, forestry, education, the sciences, journalism, agriculture, pharmacy, nursing, social work, and veterinary medicine. Military leadership is a profession. New professions are constantly in the process of development, or at least new groups are constantly claiming professional recognition.

An important element of a profession is a standard of ethical conduct to guide its utilization of knowledge and technical skill. An emerging group does not gain full professional status until it has formulated and accepted a code of ethics. We see evidence of the importance attached to this ethical standard every time we watch newly graduated doctors with their M.D. degrees swearing to the Hippocratic oath. Some professions use the power of government to license and enforce professional standards of competence and right conduct.

The public service of government has felt the impact of this growing professionalization within our society. Satisfactory public service increasingly depends upon public employees with professional competence. Moreover, there have been special movements to professionalize some administrative officials of government upon the basis of the peculiar work they do, such as the police, firemen, city managers, assessors, finance officers, school administrators, planning officers, housing officers, public-welfare officials, public works officials, and others.

As more and more professionalization occurs within the public service, the more important does the professional code of ethics become as an element of individual responsibility. Each government official who enjoys professional status and recognition does by that very fact acknowledge some code of proper conduct binding upon him. The individual is responsible first of all to himself, to his own conscience, for the observation of that professional code. He is also responsible to all his fellow members of the profession for his standard of personal conduct. In certain extreme cases the professions themselves discipline a person who violates their standard of ethical conduct.

There has been some controversy in the literature of public administration about the importance of this sense of professional responsibility as it may operate in the public service. There are some persons who attach great importance to professional responsibility, going even so far as to insist that this may be the most important element of responsibility in bureaucracy.[21] Others have scoffed at the whole idea of professional responsibility, or at least have been inclined to fear too heavy a reliance upon its efficacy.[22]

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[21] Professor Carl J. Friedrich has been a principal proponent of this point of view. See his volume with Taylor Cole, *Responsible Bureaucracy: A Study of the Swiss Civil Service* (Cambridge, Mass.: Harvard University Press, 1932), and his *Constitutional Government and Democracy* (New York: Harper, 1937), Chap. 19. See also Reinhard Bendix, "Bureaucracy and the Problem of Power," *Public Administration Review*, vol. 5 (Summer, 1945), p. 194.

The author is inclined to give considerable weight to the importance of a sense of professional responsibility enforced by the individual conscience of the professional public servant. To be sure, this sense of responsibility cannot be the sole reliance of a democratic society. Indeed, we might argue that only in a free society can such a sense of individual responsibility be operative. But there are limits of behavior acceptable to the code of ethics of a professionally educated and experienced person. These limits do provide a practical guide to conduct, and enforce action which may fairly be described as responsible behavior.

Management of the public service is not in and of itself necessarily a profession, although a substantial number of the persons who are promoted to positions of managerial authority have had some particular professional education and experience. This background helps to instill a standard of right conduct which carries over into the exercise of management authority, and places limits upon that exercise. This must surely be described as an element of responsible administration.

We have omitted the factor of legal responsibility here because this form of accountability is more negative than positive in effect. The standard of conduct which our courts enforce is the norm of legality. The decision of management officials may ordinarily be brought to question in a court of law if there is reason to believe that management in the public service has acted outside its scope of authority, that is, has acted illegally. If the discretion of management falls within the reasonable interpretation of authority vested in that management, then our courts ordinarily do not pass any further judgment. This legal responsibility is a necessary control of administration, but it is less important for our purposes here.

In general, then, the exercise of management authority entails at least three different elements of responsibility which limit its scope. One of these is political responsibility enforced by a system of political controls arising out of the political conflicts and decisions of our society. The second is a sense of institutional responsibility enforced by the internal human concern for the continued effective performance of an administrative agency. The third is a sense of professional responsibility enforced by the individual conscience of management personnel about what constitutes ethically acceptable conduct in the light of one's professional education and experience. All three of these are important elements of management responsibility which go along hand in hand with the exercise of management authority.

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[22] See, for example, Herman Finer, "Administrative Responsibility in Democratic Government," *Public Administration Review,* vol. 1 (Summer, 1941), p. 335; and Marshall Dimock, "Bureaucracy Self-examined," *Public Administration Review,* vol. 4 (Summer, 1944), p. 197.

THE TASKS OF MANAGEMENT

At the outset of this chapter we defined the duties of management as directing and facilitating the work of people organized in formal groups to achieve some defined purpose. It is time now to be somewhat more specific about the actual work of management.

The range of management activities may be divided for discussion purposes into two broad categories. There is no commonly accepted label or designation for these two categories, and so we shall call them the "substantive, or peculiar, problems" of management and the "technical, or common, problems" of management. The distinction between the two is of basic importance.

The substantive problems of management are peculiar to each individual administrative agency. The work of a police department involves special concerns with traffic control, the protection of persons and property, the apprehension of persons accused of crime, the prevention of crime, and certain other duties. Management groups within a police department are accordingly expected to be specialists in the substantive aspects of this work. The Department of the Army is expected to organize, train, supply, and direct troop units capable of defending our country against attack in any territorial sphere of national concern. A state department of health is expected to establish and supervise programs to control communicable disease, to prevent serious illness, and to care for certain special types of ill health. A county welfare service is expected to provide public assistance to families without income sufficient to meet their basic needs. In every one of these instances the management of the agency mentioned must give careful attention to the peculiar problems which must be met in carrying out its particular service.

Thus the substantive problems of management in the public service are the problems of policy and procedure entailed in carrying out any given activity of government. The range of these substantive problems is just as great as the range of work done by government. The range of the substantive problems confronting the management of any one government agency is just as great as the service assigned to that agency. Ordinarily the substantive problems of one agency will be very different from those of another agency. The management of a local school system involves work very different from the management of a local public works department. The management of a state road department involves work very different from that of a state alcoholic-beverage control board. The management of the Department of Agriculture in the Federal government involves work very different from that of the Treasury Department.

It is in this sense that we may say that the substantive problems of an administrative agency are peculiar to the nature of the service it renders. And it must be emphasized that the work of management is to direct and facilitate the performance of the people engaged in carrying out one of these government services. Management has substance, and the substance is inherent in the peculiar nature of any given activity.

The author would even go so far as to say that the really important, vital problems of management are the substantive problems. In order to understand these problems we must study public health; or military strategy, tactics, and logistics; or civil engineering; or social work; or public finance and tax-collection methods. Each of these subjects embraces special knowledge of considerable complexity. Each can be mastered only after careful study and continued experience. The management of any one of these activities must accordingly have or acquire some mastery of the substantive knowledge of the field. This is the very essence of management.

But management goes beyond these substantive fields of knowledge and practice to embrace another range of problems, the problems which we may call "technical" in nature and which are common to all large-scale organization. It is this second category, the common problems of management, which constitute the special concern of this volume. The common problems of management can be studied in many different agencies regardless of the peculiar nature of the work they do. The common problems of management make up the special body of knowledge which we may label the technical "know-how" of large-scale administration.

A systematic formulation of these common, or technical, problems of management was attempted a number of years ago by Luther Gulick. In answering the question "What is the work of the chief executive?" Gulick replied: POSDCORB.[23] This was a manufactured word, the letters of which stood for the following words: Planning,

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[23] Luther H. Gulick, "Notes on the Theory of Organization," in Luther H. Gulick and L. Urwick, eds., *Papers on the Science of Administration* (New York: Institute of Public Administration, 1937), p. 13.

Organizing, Staffing, Directing, Coordinating, Reporting, and Budgeting. These seven words, according to Gulick, expressed the major duties of the chief executive in an administrative enterprise.

Gulick did not draw the clear distinction suggested here between the substantive and technical phases of management. In fact, however, he was discussing the technical phases, without in any way intending to deny or belittle the substantive phases. Moreover, Gulick used the expression "chief executive," although the term "chief administrator" or even "management" seems preferable. In any discussion of government structure and administration, the term "chief executive" must be reserved for the person in whom the executive power of government is vested by the basic constitution or charter of government. The powers and duties of the chief executive range far beyond the scope of management authority. Furthermore, the word "management" is preferable to "chief administrator" because, as we have noted earlier, management is a collective group in any large-scale organization.

Although the formulation POSDCORB is suggestive in indicating the range of the technical aspects of management, it seems that today a more adequate formulation can be devised. Accordingly, in this volume the technical phases of management in the public service will be thought of as embracing this threefold division:

1. The common problems of work direction.
2. The common problems of work operation.
3. The common problems of internal services.

These divisions are the titles of the major parts of this volume. The content of each one of these major phases in the technical work of management will be discussed in the chapters which follow. It may be helpful, however, at this point to indicate briefly the reasons for this threefold classification.

The Common Problems of Work Direction

The first great task in the management of any enterprise is to provide a set of purposes or objectives for the administrative enterprise. This is essential to the very existence of group effort in a formal organization. In confronting this task, management faces a number of common problems, regardless of the substantive nature of the work performed. Direction is provided through leadership, supplemented by more or less formalized processes of planning. Once purposes or goals for administrative effort have been determined, these must be communicated to subordinate levels of administrative structure. Communication is followed by supervision, to determine that the goals are being achieved more or less as planned. And the whole process of providing direction to administrative effort involves a complex of external relationships, especially with the interest groups and the public which is concerned with the work of a government agency. Public relations is hence an important phase of the management task of giving direction to administrative activity.

The Common Problems of Work Operation

But the work of management is not completed merely by providing direction to an administrative agency. The entire process of realizing the desired goals raises a number of common problems of operation. These are also a concern of management. Work processes must be organized if persons in an agency are to specialize in their endeavors. The magnitude of all work effort must be budgeted, and these fiscal limitations enforced by means of necessary fiscal controls. Constant attention must be given to increased efficiency in operations, that is, to management improvement. The people required to perform the work must be recruited, trained, paid, and perhaps disciplined. Hence, all the ramifications of personnel policy and program are another task of management. In the public service, moreover, all work must proceed in terms of careful review of legal authority and of required legal procedures. The availability of competent and adequate legal advice is another common management problem in operating administrative agencies.

The Common Problems of Internal Services

In the third place, in order to carry on any organized group effort, there are certain common problems of internal services, or of internal "housekeeping" which management must oversee. Physical plant must be built, maintained, and operated. Necessary supplies must be purchased, stored, and issued. Communication and transportation facilities must be provided. Required records must be kept. Management can expect the substantive work of an agency to be accomplished only if these auxiliary services are properly performed.

These three sets of problems just outlined indicate the common, or technical, aspects of administrative management. To be sure, in practice it is not always easy or necessary to draw hard and fast distinctions between these various phases of management activity. But separate identification and discussion are necessary if we are to understand and to evaluate the technical competence of management as it conducts the administrative work of government.

PART ONE

The Common Problems of Work Direction

Important.

CHAPTER 2 *Leadership*

The first task of management in the public service is to provide leadership, to guide and direct the work of the group as a whole toward desired objectives. Leadership is often thought of as being primarily personal in character, as being founded upon individual preeminence or accomplishment in a particular field of endeavor. Superior strength, superior cunning, superior intelligence, superior knowledge, superior determination—any or all of these may be means to the attainment of leadership. We are interested here, however, in the qualities of leadership in an organizational setting which are required after the status of command has been achieved. How does leadership demonstrate itself in action and how does it build the acceptance necessary to its effective continuation?

To be sure, the personality qualifications of leadership are vitally important. Many persons have at various times written about the attributes of personality which in their observation and belief make for successful leadership.[1] From these discussions it is possible to draw up a composite list of characteristics which are usually to be found in leaders:

1. Good health, personal energy, and physical endurance.
2. A sense of mission, a sense of personal commitment to a cause or purpose, enthusiasm, self-confidence.

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[1] Among others, the author has found the following volumes helpful in discussing the personality characteristics of leadership: Ordway Tead, *The Art of Leadership* (New York: McGraw-Hill, 1935); Chester I. Barnard, *The Functions of the Executive* (Cambridge, Mass.: Harvard University Press, 1938) and *Organization and Management: Selected Papers* (Cambridge, Mass.: Harvard University Press, 1948); T. N. Whitehead, *Leadership in a Democratic Society* (Cambridge, Mass.: Harvard University Press, 1936); Marshall E. Dimock, *The Executive in Action* (New York: Harper, 1945); and General Sir Archibald Wavell, *Generals and Generalship* (New York: Macmillan, 1942).

3. Interest in other people, a sense of friendliness, a concern for others.
4. Intelligence (not necessarily profound knowledge about detailed or highly specialized matters but good common sense), a ready or quick facility to comprehend the essential elements of necessary information, and the capacity to use knowledge.
5. Integrity, a sense of moral duty and of fairness, willingness to share achievement, the capacity to set standards of personal and official conduct which will command the respect of others.
6. Persuasiveness, the capacity to win others to acceptance of the point of view embodied in decisions.
7. Judgment, the capacity to know the strengths and the weaknesses of the people one works with and how to obtain their maximum usefulness to an organization.
8. Loyalty, devotion to a cause and also to the persons with whom one works, a willingness to defend the group against external attack.

Unquestionably these characteristics are desirable in those individuals who rise to positions of administrative leadership. Such personal attributes are usually a major consideration in the minds of those who select individuals to be leaders, and these qualities will usually be found in varying degree in those who achieve a reputation as administrative leaders. Yet it is not enough to think of leadership only in these personal terms, important as they are. If we are to understand the conditions and circumstances of effective leadership in organized groups such as the administrative agencies of government, we must broaden our point of view.

The record of leadership in a group depends upon certain conditions over which the individual, no matter how formidable his official power or authority, cannot personally exercise control. Leadership is often made or broken by circumstance. The recent political history of the United States affords an obvious and simple illustration. It would seem safe to say that had Herbert Hoover been President of the United States during the 1920's instead of Harding or Coolidge, he would have the general reputation of being a successful political and administrative leader. Under the depression conditions of 1929 to 1933, much as he endeavored to initiate action to halt the downward trend of industrial production, employment, and national income, Hoover could not change the course of events. His common reputation was thus one of failure, and only gradually with the passing years have many persons come to realize that this reputation was not altogether fair. "Success" in administrative leadership, as in political leadership, depends in part upon conditions which the individual does not make.

The leader in any enterprise can but make the most of the events and forces which surround his effort. He is scarcely ever a "free agent" in charting his own course of action or in leading the group of which he is a part.

This observation might appear as a counsel of despair. It suggests that men are but creatures of a deterministic or materialistic world and must either adjust completely to their environment or perish. It suggests that there is no place for "free will," for personal determination and conviction in society. It suggests that rational behavior motivated by the determination of desired goals and the calculation of means designed to achieve those goals has no part in the life of social institutions. I do not believe this. But I do believe that there are certain limits within which individual choice and rationality operate.

The conditions which circumscribe the leadership of social groupings have been thoughtfully outlined by T. N. Whitehead.[2] Professor Whitehead was thinking primarily about industrial companies and he was writing mostly for corporation executives and students of business administration. But the process of social growth and change which he presented is also applicable to government administration, as well as to great agencies like churches and universities and labor unions, and even to primitive societies. Whitehead noted six phases in the process of leadership:

1. The leader shares with his group a profound loyalty to the technical procedures by which they prosecute their purposeful tasks. These procedures are their "way of life."
2. The leader is trusted as one who has unusual skill in these technical procedures. He is the guardian of the social customs and in these matters his word is final.
3. The leader, being genuinely a man of intelligence, obtains an unusual insight into the causal relations involved in his procedures. He begins to reflect upon his technical actions and on the behavior of the material he operates upon.
4. He continues in his traditional procedures, but less because of society's sanction and more because he sees the "reason why." He has partly shifted the grounds for his pattern of behavior, unnoticed by himself and by the group.
5. Sooner or later, the leader, in his semirational reveries and reflections, stumbles on a technical improvement. He adopts this without misgiving because the group has accorded him the right to make decisions in technical matters.

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[2] Whitehead, *op. cit.*, pp. 72–73.

6. The group follow their leader and adopt the improved process without question; the leader is the right man to show the way, and the group's lesser but real insights with respect to their procedures dimly indicate the underlying logic.

What T. N. Whitehead has observed is that social change—that is, alteration in the beliefs and institutional behavior of groups of people—comes only slowly; natural disasters like flood and earthquake, external forces like invasion and military defeat, internal social pressures such as economic depression may induce persons to lose confidence in their existing social arrangements. They may then want change and even want it rapidly. Otherwise, alteration in commonly accepted practices of making goods and providing services comes slowly and emerges as a few individuals perceive the desirability of change and are able to persuade others to follow their lead.

Leadership in an administrative agency is circumscribed by the conditions in society which foster rapid or moderate change. There is still a role for the individual who belongs in that group which Arnold Toynbee has called the "creative minority" of a society. Individual endeavor and determination can make a difference in any society, and so can the absence of these qualities. But the power of the individual to influence the action and thought of other persons is subject to limitations inherent in the character of social institutions. The administrative leader needs to understand this condition of his leadership.

We have all heard it said at one time or another that the essence of leadership is to find out which way the mob is going and then to get out in front. Such a statement is merely an amusing way of expressing the cynicism that man cannot influence his own social environment. But there is more to leadership than merely expressing the immediate and current sentiments of those who compose any social group, such as those who make up the personnel of an administrative agency. That "something more" is the essence of leadership. It is the capacity to set new goals, to hold forth new and loftier expectations for the group, to embody moral and spiritual aspirations. This capacity to show the group its nobler potentialities is the greatest challenge to the administrative leader.

This may be an appropriate point to pause in our discussion for a moment to comment specifically about the importance of integrity in the public service. This is a subject which has received a good deal of comment in recent times.[3] Leadership must set the moral tone for the behavior of a group. An administrative leader cannot preach one standard of conduct and exemplify another in practice. It will be his personal behavior and not his exhortation which will be emulated. Accordingly, if high moral tone is to characterize the conduct of an administrative agency as a whole, it must first characterize the behavior of its leadership.

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[3] See, for example, *Ethical Standards in Government*, Report of a Subcommittee of the Senate Committee on Labor and Public Welfare, 82d Congress, 1st sess.,

It is not possible here to undertake a history of the morals of public service in the United States, or to examine the social factors which exalt and depress moral behavior by the individual. These are both important subjects of inquiry but far too broad for us to examine in this volume. Suffice it to say that the morals of public service are closely related to those of the times and of the society in which the public service operates. Nonetheless, the author would emphasize as strongly as possible the importance of moral integrity in government and would point out how easy it is to compromise a high standard of individual behavior. Corruption within the public service seems to be far less prevalent today than in times past. This at least is what the author would conclude from histories of earlier times and from personal observation. All citizens should be concerned to see that such progress is maintained, and any lapse properly condemned.

Corruption may take several forms: personal graft or receipt of money for favors rendered; the appointment of individuals to public service with an understanding of favors to be rendered the appointing officer or sponsor; and the determination of decisions which give special privilege to certain individuals in expectation of future benefits. In the public service the temptation to some form of corruption is apt to be great. But fortunately over a period of time any actual corruption is fairly certain to become public knowledge and to result in both political and personal grief. Moreover, for the individual, long-run personal satisfaction is to be found only in morally correct behavior; this truth is one that the intelligence and traditions of our Western society have long taught.

THE POLITICAL CONDITIONS OF LEADERSHIP

The essential circumstances of leadership are twofold: political and institutional. By the political conditions of administrative leadership

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1951; Paul H. Appleby, *Morality and Administration in Democratic Government* (Baton Rouge: Louisiana State University Press, 1952); George A. Graham, *Morality in American Politics* (New York: Random House, 1952); and Paul H. Douglas, *Ethics in Government* (Cambridge, Mass.: Harvard University Press, 1952).

we mean the need to be responsive to external political direction and control. In the public service of a democratic society this responsiveness is a major factor in the exercise of administrative leadership. By the institutional conditions of leadership we mean the need to be responsive to the requirements of internal operation, of keeping an administrative agency in actual running order. Again it may be useful to remind ourselves that leadership, like management, depends upon more than one person. In government organization only a few persons hold rank as administrative leaders in the narrow sense of the term, in the sense of being department head, bureau chief, division chief, section supervisor, or field-office director. But administrative leadership in practice is exercised by all the key persons in the administrator's staff who collectively comprise management.[4] The leadership we are discussing here is vested in a number of persons, not just in a single individual at a particular level of an administrative hierarchy.

In any discussion of public administration there is one observation which will stand repetition many times. The administrative agencies of government in the United States must necessarily reflect the political attitudes and traditions of our country as well as operate within the framework of our governmental structure. We have already emphasized that a sense of political responsibility is a primary prerequisite of administrative management in our public service. It is in the process of exercising its leadership function that management demonstrates its awareness of the political factors of public service.

When we come to discuss later the personnel aspects of management, we shall consider the question about the number of positions in a department or agency which ought to be subject to political appointment in order to ensure proper political responsibility and desirable political leadership. This is not the issue we are concerned with here. Our present interest is in the ability to respond affirmatively to external political direction and control regardless of whether leaders are appointed as political or merit selections.

The vital ingredients of political responsiveness have been eloquently summarized by Chester Barnard:[5]

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[4] The author was impressed during the war by an article of Colonel James W. Bellah, the popular author as well as Army officer, expressing the desirable personal characteristics of a staff officer. He listed seven tenets, as he called them, as follows: (1) know the whole picture, (2) help the others on the staff and the operating people to do their jobs, (3) watch your manners, (4) watch your nerves, (5) consider the low-ranking, (6) work the clock around, and (7) be cheerful. James W. Bellah, "Staff Officer," *Infantry Journal*, vol. 55 (August, 1944), p. 43.

[5] Chester I. Barnard, "Dilemmas of Leadership in the Democratic Process," *Organization and Management: Selected Papers* (Cambridge, Mass.: Harvard University Press, 1948), p. 50.

The democratic process either in government or in innumerable other organizations in which it may be used, depends upon leaders strong enough to maintain their ambition under its perplexities, patient to endure its restraints, proud to be foremost among the free, humbly loyal to the humble, wise enough to seek service above the illusions of power and the futilities of fame, willing to be briefly spent in the long span of marching events.

Paul Appleby has described the political aspects of administrative leadership in still a different way.[6] First, the administrator must be able to handle administrative problems in their larger and broader terms, seeing public policy in tens of thousands of different actions and relating these to each other in terms of public and governmental interests. Second, the administrator must have a "governmental sense," able to comprehend the public interest in a problem and to make that interest his first consideration. Third, he must have a "political sense," understanding the necessity for governmental officials and governmental actions to be exposed continually to public comment and criticism. Management in the public service must have the ability to anticipate popular reaction, to act swiftly to introduce minor adjustments which will relieve public irritability, and to sense major political shifts of opinion in an early stage of development and so gradually to modify administrative programs accordingly.

The comments of both Barnard and Appleby emphasize factors of political circumstance which administrative leadership must heed. In the exercise of its leadership role management must be skillfully attuned to the popular aspirations and desires of the times. It must translate this comprehension into specific decisions and direction for the entire organization. Of course, management does not necessarily have to behave like an isolated tree which bows in whatever direction the wind may come at the moment. But management must endeavor to understand currents of popular ideas, and while endeavoring to inform or modify those ideas, it must acknowledge their existence and endeavor to accommodate their demands within some degree.

In the second place, management in the public service must acknowledge the vitality of popular institutions and have a general faith in popular values. Such an attitude must be evident in discussions as well as in decisions. Democratic leadership places importance in people, in the people who are served by the work of an agency. It is therefore constantly concerned about the impact of an agency's work upon the lives and fortunes of individual persons.

In the third place, management as leadership must demonstrate a respect for the processes of government by which our democracy operates. It is easy to be highly critical of our popular institutions, as we have remarked earlier. Some legislators who get elected to public office seem to embody the less attractive rather than the laudable qualities of our immediate neighbors and friends. Some chief executives seem to give undue attention to the most vocal, rather than to the most thoughtful groups of our society. The antics some persons indulge in for the sake of popular appeal or notoriety, the practice of broadcasting unfair and exaggerated criticism of other persons in order to attract political attention—these and other aspects of American public life may seem exasperating and even disillusioning. But in exercising its leadership management must learn how to surmount these difficulties while at the same time keeping an administrative agency working together with a high degree of common spirit.

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[6] Paul H. Appleby, *Big Democracy* (New York: Knopf, 1945), p. 43.

Two persons with experience in the administrative work of the Federal government have provided an amusing and at the same time instructive little account of the various stages in the psychological development of the administrative leader.[7] The first stage is that of the "eager neophyte." At this stage the individual is a man with a mission, who knows that good reasons explained to rational people will soon untangle any administrative mess and that fresh blood will soon arouse new enthusiasm and lead to a great new outburst of administrative accomplishment. This is followed by the second stage, that of the "polyp," who has learned his lesson. No longer is the administrator going to get ulcers, no longer is he going to have sleepless nights, no longer is he going to worry because nothing gets done. The polyp is content to produce a little grain of coral as a full day's work and does not ask questions about the "general scheme of things." This is followed by the third stage, that of the "baited bull." The accumulated frustration of obstacles and then of do-nothing erupt in an outburst of denunciation and recrimination. Now the administrator inveighs against "politics" and the misrepresentations of those who oppose him; he impugns the honesty and motives of all who stand in his way. Then finally this stage subsides, too, and the administrator arrives in that fourth and final stage of the "elder statesman." Now he sees that the eagerness of the neophyte has its administrative usefulness, that the polyp "contributes the art of the possible," and that the baited bull has demonstrated the need for hard attack at certain points in an operation. All these approaches to administrative problems can be combined into a grand strategy of operation. When the administrator has arrived at this stage in his career, his leadership in the political arena of public service takes on the characteristics of an elder statesman.

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[7] James A. Perkins and Robert E. Sessions, "Advice to the Eager Neophyte," *Public Administration Review*, vol. 11 (Summer, 1951), p. 187.

It is not an easy task to exercise administrative leadership in the public service. The pressures and demands from many different sides are great, and only some of them can be withstood over a period of time. But the faith of democracy as a form of government is the conviction that in the long run the popular will is also the desirable, the "right," will. It is this kind of political conviction which administrative leadership must make effective in the everyday work of the public service. The translation of political circumstances into operating programs is then one of the primary tasks of administrative management in fulfilling its leadership role.

THE INSTITUTIONAL CONDITIONS OF LEADERSHIP

Management leadership must also fulfill four vital conditions necessary to the institutional well-being of an administrative agency. These four essentials of leadership are:

1. The ability to see an enterprise as a whole.
2. The ability to make decisions.
3. The ability to delegate authority.
4. The ability to command loyalty.

The Generalist

The administrator of an enterprise is different in one important respect from his subordinate administrative heads and from many of his staff associates. He is a specialist only in the purpose of the organization as a whole. The administrator, then, is often spoken of as a "generalist." Indeed, there is an ancient witticism which says that an administrator is a person who gets to know less and less about more and more until eventually he arrives at that happy state where he knows nothing about everything. Like most proverbs of this sort, it has just enough truth in it to make a person uncomfortable.

But since specialization of work is the very foundation stone of modern life in organized groups, it is inevitable that most persons in an administrative agency see their task in the narrow perspective of their particularly assigned duty. And this tendency continues as one rises to each successive level in an administrative hierarchy; the scope of the work assigned may broaden but the point of view is still no greater than the particular jurisdiction of effort a person administers. Thus in the United States Forest Service a man may start out as a ranger assigned to a special area or a special task such as supervising tree cutting. Later he may be the ranger in charge of a whole national forest. Still later he may administer a whole region, or even become chief forester for the entire Service. But even in this last position his world is still just that of the interests of the Forest Service; it is not as broad as government land management as a whole. Moreover, the staff specialists who work with an administrator and who collectively constitute the management of an enterprise are usually concerned with only a particular phase of the agency's work. Without great effort on his part, the staff specialist does not see the agency as a whole.

The administrator as leader must serve as symbol of a united effort. In its external relationships, leadership represents an agency in all its separate parts. Leadership endeavors not to play favorites among the specialized groups internally, and hence does not speak externally for the parts but for the whole. This role of symbolizing the entire job is one of the major challenges of administrative leadership.

At all times and in every way possible the administrator emphasizes the common purpose which unites the efforts of an administrative group. He must serve as the unifier of the whole, must endeavor to make the common purpose not just the sum total of the parts but rather the guiding light of the constituent specializations. The very nature of organization requires this element of leadership. If the administrator does not comprehend the common purpose, if he cannot effectively communicate this purpose to all the specialized parts, and if he does not direct the efforts of all in terms of this common objective, then leadership has failed, and an administrative organization as a whole goes along as the individual specialists desire, held together only vaguely by tradition and routine long repeated. Leadership can provide the unifying sense of purpose which infuses the energies of all parts of a great administrative endeavor into a common purpose and achievement.

Decision Making

The fine art of how and why to make decisions has attracted a good deal of interest in recent years among students of administrative behavior. Certainly an essential function of leadership is to make decisions. The need for direction in an administrative agency suggests that there are choices to be made. Leadership must make these choices, must be decisive.

Any one who has observed personal behavior analytically over a period of time, or who has had much experience in administrative organizations, knows that some people are blessed with the ability to make decisions and that others are not. Decision making is a serious business, and there are many persons who find the task of choice too burdensome to carry. For decision making carries with it always the possibility of mistake, and it is not easy in life to rectify the errors one makes.

There is no such thing as certainty, the "sure thing," in decision making. Administrative leadership must make choices in the light of the best available information and a due weighing of the probable results from the alternatives of action. Decisions must be made with a due consideration of the advice of associates and trusted counselors, and they must be made with respect for one's moral judgment. But leadership means making decisions when they must be made, without delay, and with a full sense of responsibility for the results. Management is impossible without the capacity and the willingness to decide.

Human knowledge has not yet arrived at such a complete state of existence that it can be made the basis of all administrative or other decisions. To be sure, human knowledge has grown substantially in recent years, and more and more its power to predict the course of a given sequence of events has increased. But the administrator cannot rely just upon knowledge to guide his choices, nor can he wait until knowledge catches up with his current problems. The capacity to be decisive is not necessarily the result of the extent of one's knowledge.

Indeed, it has been common experience that the "intellectual," the person with great depth of specialized knowledge, is often a very poor administrator because he lacks the capacity to make decisions. Barnard has analyzed the "limitations of the intellectual" as threefold: he may be irresponsible (absent-minded and nonpunctual), he may be nondecisive (ultracareful or ultrajudicial in his examination of a problem, seeing so many aspects of it and so many possible consequences of a particular action that he cannot make up his own mind), and he may be nonpersuasive ("queer," uninterested in people).[8]

It is easy to exaggerate the scope of the choices which administrative leadership may make. Barnard has especially emphasized this point by such declarations as: "There is no principle of executive conduct better established in good organizations than that orders will not be issued which cannot or will not be obeyed."[9] Additional limitations have been described in these words: "The fine art of executive decision consists in not deciding questions that are not now pertinent, in not making decisions that cannot be made effective, and in not making decisions that others should make."[10] Others have noted that an executive appointed to lead an administrative agency already in existence can have an impact upon the agency only over a period of time. Decisions made at the top of an administrative agency take time to translate into effective action. A whole environment must be built up which is conducive to the execution of particular choices. Moreover, in terms of immediate and current issues, if a top administrator undertakes personally to decide too many of these, he will be swamped with work which precludes his giving adequate attention to long-term goals or to external relations.[11]

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[8] Barnard, *Organization and Management*, p. 98.

[9] Barnard, *The Functions of the Executive*, p. 167.

There are also certain personal considerations which limit choice in making decisions. Concern for personal prestige and status, the desire for economic security, the extent of one's knowledge, a personal sympathy or predilection toward particular groups and ideas, the degree of trust in one's advisers and associates—all these factors interact in the decision-making process.[12] It is difficult for an individual in top management, whether he be the officially designated administrator or an assistant, to free himself from the complex of ideas and attitudes which make up his personality. Any one who has worked in an organized group knows that there are certain persons who have a predilection for a conservative, cautious approach to every decision, while there are others who have a more venturesome, experimental inclination. These personality inclinations invariably affect decision making, providing certain limits within which choices are resolved.

If we are to understand the decision-making process, we must accordingly analyze at least these three aspects. First, we must observe the personal differences among men and women which enable some to be decisive and which make others indecisive. Common experience reveals that some individuals are willing to make choices and to abide by the consequences. Others prefer to avoid clear-cut choices, to temporize, to postpone, to hope that somehow, some way circumstances will intervene to make a choice unnecessary. We do not know now why there should be these differences among individuals or how extensive such differences may be. Second, there is the role which knowledge plays in decision making. The careful accumulation of detailed facts, their analysis and interpretation, the use of broad concepts of human and physical behavior to predict future develop-

[10] *Ibid.*, p. 194.

[11] Cf. Donald C. Stone, "Notes on the Executive," in *New Horizons in Public Administration* (University: University of Alabama Press, 1945), p. 48.

[12] James L. McCamey, "Analysis of the Process of Decision-making," *Public Administration Review*, vol. 7 (Winter, 1947), p. 41.

ments—all these elements in the use of knowledge enter into decision making in varying degree. And third, we realize that there are limitations which circumscribe decision making by management; these limitations are both institutional and personal. On the one hand decision making must consider the aspirations, traditions, and attitudes of the agency administering government work. On the other hand, there are personal predilections among administrators which also limit decision making. When we begin to see decision making in these leadership, planning, and limiting circumstances, we begin to understand its complexities. But management cannot hope to escape the necessity of decision making if it is to contribute to institutional well-being and effective performance.

Delegation

The third essential task of management leadership is the capacity to organize the work of an agency and to delegate authority to subordinates to carry out their assigned duties. Again, observation and experience demonstrate that some persons have a kind of "instinct" which enables them to think in organizational terms. We shall discuss the technical problems of organization later in this volume, but organization above all else implies a sense of orderly working relations among people engaged in a common task. Management assigns the specific tasks and promotes this sense of orderly working relationship.

Organization is a formal structure which comes to life by the process of delegating authority. Leadership becomes effective when others are induced to accept the assignments given them and then proceed to carry out their duties. In effect, leadership is dependence, dependence upon the faithful performance of one's associates and subordinates.

Two observers of industrial organization have written: [13]

> . . . the real leader . . . finds it easy to delegate authority, and is quick to do so whenever he perceives its necessity, but he remains ever conscious of the fact that there is one thing he cannot delegate, namely his own authority and the responsibility which it includes. It is in fact this very sense of responsibility which makes him so ready to delegate any task as soon as the total task begins to exceed his own unaided powers. Such men are the true organizers; we might call them the born organizers. Organizing genius seems to know instinctively that it must operate through the principle of delegation in order to achieve a real collective efficiency in the pursuit of the common object.

[13] James D. Mooney and Alan C. Reiley, *Onward Industry!* (New York: Harper, 1931), pp. 38–39.

Some persons invariably succumb to the temptation to try personally to do all the work. They are fearful of relying upon others. They dislike a sense of dependence. Because leaders are so often superior in intelligence and technical comptence, they know the lesser abilities of their associates. "One of the tragedies of business experience is the frequency with which men, always efficient in anything that they personally can do, will finally be crushed and fail under the weight of accumulated duties that they do not know and cannot learn how to delegate."[14]

One eminent British civil servant of long experience once observed that he had never found an officer in the Army who was not convinced of the absolute necessity for his superiors to delegate wide latitude of authority to him but who was not equally impressed by the practical obstacles in delegating any authority below him. It is never easy for an administrative officer to rest his reputation and his performance in the hands of others. But the very essence of organized life in large groups is the dependence of each one, leader and follower alike, upon one another. The leader has no choice except to delegate authority to others. But it often takes a long time to learn this essential of management leadership.

Delegation of authority means more than simply assigning duties to others in more or less detail. The essence of delegation is to confer discretion upon others to use their judgment in meeting specific problems within the framework of their duties. Management leadership must then accept the responsibility for how this discretion is exercised. To be sure, broad delegation of discretionary authority may be hedged about by many devices: the general sense of direction and purpose communicated to subordinates, the general scope of work assigned, the common background of professional competence and integrity which animates the personnel, and the sense of trust characteristic of a group. But these conditioning factors simply influence the necessity for delegation; they do not eliminate it.

The necessity for delegation of authority in an administrative agency is well illustrated by an old Army incident. The story goes that an officer was instructed to give an explanation of why a damaging fire had occurred on his post. The officer is supposed to have ended his report with this sentence: "The rules were fully obeyed and the building burned down." No set of rules devised by man can ever be applicable to each individual future situation which may occur. It is general purpose and intent which organized groups must be concerned to realize, and which leadership endeavors to promote by its willingness to delegate.

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[14] *Ibid.*, p. 39.

A wise and well-known doctor who for many years was superintendent of St. Elizabeths Hospital in Washington, D.C., wrote about his early sense of futility in trying to do everything personally around the hospital, and especially of trying to know about individual cases of the mentally ill in the hospital. "So from rather early in my career as a superintendent," he wrote, "I made up my mind that such standards were useless and that my objective as an administrative officer was to secure an adequate personnel." [15]

Apparently, some persons have the capacity to pick associates and subordinates in whom they have trust and to whom they are willing to delegate broad discretion. Often an administrator enters a situation where he does not have the opportunity personally to select those who work with him. But in either set of circumstances an essential requirement of leadership is to be able to delegate authority to others, to rely upon associates and subordinates, to promote their desire to contribute fully to a common cause, and to accept the consequences. This capacity is one of the great tests of leadership.

Loyalty

The character of leadership provided by administrative management must in the last analysis be evidenced by the qualities of loyalty which are engendered in those who make up an agency. Loyalty in the broadest sense is simply a favorable response to the direction which an administrator and his associates provide. We observe loyalty in the *esprit de corps* which grows in an agency, the sense of common purpose and eagerness which a group develops, the "high morale" which characterizes an activity. It is easy to state that loyalty is an important consequence of effective leadership. It is less simple to find the practices and conditions which promote loyalty.

Undoubtedly a first ingredient of loyalty is a shared conviction among management and others in the importance of the work being done. Morale does not flourish in an atmosphere of disinterest or even distrust in the purpose of group effort. Yet some individuals may continue to participate in an administrative group even without an interest in its work; sometimes this continuance results merely from the force of habit, sometimes from fear of change, and sometimes from some external compulsion. But enthusiasm and loyalty arise from positive identification with the work being done. Tangible evidences of accomplishment are useful in promoting morale. Some indication of unique differentiation from any other group may help build a sense of loyalty. Tradition also plays its part. Such factors as these help achieve a sense of purpose and achievement upon which management leadership may build loyalty.[16]

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[15] William Alanson White, *Autobiography of a Purpose* (New York: Doubleday, 1938), p. 119.

Another important element in building loyalty is a sense of participation. No matter how much a group may accomplish, if an individual is to experience personal satisfaction he must feel that he has had a direct share in the endeavor. For this reason leadership must cultivate in every way possible this sense of individual participation in an enterprise. The growth of suggestion systems has been prompted in part from a desire to convince the individual worker that management is interested in his ideas. Consultation with various persons in an organization, personal inspection of work being done, sympathetic consideration of individual problems—all these techniques also help to develop a sense of belonging, a sense of participation in a large enterprise.

Any attempt by management in exercising its leadership function to foster individual sense of participation in an organized group must be genuinely sincere or it may be more harmful than helpful. The author has known circumstances where persons in a large agency resented what they regarded as purely spurious efforts to suggest that all employees belonged to "one big, happy family." Recreational programs, Christmas parties, summer picnics, and carefully planned entertainment do not in themselves constitute employee participation. They do no more than contribute to the growth of an atmosphere in which a sense of participation may develop. But management which promotes an active social life for a group and then cuts off any opportunity seriously to discuss and consider individual ideas about the conduct of the enterprise itself has not advanced the cause of participation.

Still another aspect of loyalty is the importance of recognition, of appreciation. Most of us have read at some time about Napoleon's practices in providing recognition to his associates and to others who served France. He devised the Legion of Honor as one device, and was fairly generous in conferring the marshal's baton upon his most successful generals. Napoleon understood the importance of appreciation in instilling loyalty to his leadership.

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[16] On the techniques used by the chief of one large bureau in building this sense of accomplishment, see John J. Corson, "Telling the Staff about It," *Personnel*, vol. 16 (November, 1939), p. 69. In order to inform the staff of 7,000 in the Bureau of Old-Age and Survivors Insurance about the importance of their work, a movie, in-service training courses, and a special report to each individual were employed.

One of the most common forms of personal dishonesty which a person encounters in the group life of an administrative agency—public or private—is the reluctance of a superior to give full credit to the contributions or accomplishments of others. Sometimes top-management personnel create the impression that they are too fearful about their own job security to give due recognition to the work of their associates and subordinates. Yet no attitude can do more in the long run to undermine confidence in administrative leadership than the "hogging" of credit and the reluctance to give recognition where recognition is due. Loyalty to management does not flourish under these circumstances.

It is a common mistake to believe that material rewards are all the recognition most persons want for their services. Nothing could be farther from the truth.[17] Rewards and recognition may take many forms: new titles, new office surroundings, public ceremony, expanded authority. Increased compensation, within certain limits, is an important incentive to better work, a kind of recognition which inspires further loyalty. But in and of itself it is not enough, it does not provide all the satisfaction which most people want in their job and which a sensitive leadership will be concerned to provide.

These aspects of identification, participation, and recognition do not constitute the whole of that loyalty which management through its leadership must endeavor to achieve. But common experience indicates that these are important conditions in encouraging persons as individuals to bind themselves together in common effort under common direction.

The institutional requirements of leadership hence involve the ability to see the enterprise as a whole, the ability to be decisive, the ability to delegate, and the ability to inspire loyalty. Management must exercise its leadership in terms which evoke response to these particular needs of administrative effort. In turn, management leadership evidences its effectiveness to the degree that it displays an awareness of these necessities of internal operation and responds to them by the kind of direction it affords.

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[17] Chester I. Barnard has written: "Yet it seems to me to be a matter of common experience that material rewards are ineffective beyond the subsistence level excepting to a very limited proportion of men." *The Functions of the Executive*, p. 144.

GENERAL ISSUES

It does not take any great effort to perceive the importance of leadership in an administrative agency. It is far more difficult to devise ways and means of obtaining the persons who possess the individual qualities of leadership and who can exercise these qualities in the setting of public administration. As a result, much of any discussion of leadership must necessarily concentrate upon practical issues of personnel selection. We shall have more to say about this later. But at this point there are at least three general problems which should be noted.

The first issue is whether the political requirements of leadership can be successfully combined with the institutional requirements of leadership. We have commented here that the management of public administration must have both sets of qualifications, must provide both political and institutional leadership. Paul Appleby has suggested that the abilities which make for effective political leadership are seldom to be found combined with the abilities which make for effective institutional leadership. He has pointed out that the political leader usually has a personality of marked individuality. Much of the ability to arouse public interest and to sustain public concern with particular problems depends upon this highly individualized capacity to be dramatic. The leader of a large administrative establishment, on the other hand, must be accustomed to work with a group in some degree of harmony and with some surrender of individual personality. Only on rare occasions, such as when a new administrative activity is being undertaken as the embodiment of a new social policy, are the highly personalized attributes of the political leader helpful in an administrative setting.[18]

There is considerable wisdom in this observation. For example, one thinks readily of the peculiar political gifts of Mayor La Guardia in New York City, but certainly his capacities did not include any awareness of the institutional requirements of administrative leadership. But a chief executive is expected to provide political rather than administrative leadership. It is the department head who must combine the two. The real problem is to make sure that the department head is as much an administrative leader in the institutional as in the political sense. In other words, the individual whose life has been spent in the political arena seldom has had the opportunity to develop or to understand the qualifications which make for effective administrative leadership. The chief executive who selects department heads primarily for their abilities as political leaders is simply storing up personal and administrative complications for himself.

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[18] Appleby, *Big Democracy*, p. 39.

One of the vital emerging features of American public life is the increasing importance of effective administrative leadership as an adjunct of effective political leadership. The chief executive finds that his own political reputation more and more depends upon the qualities of the administrative performance achieved by the great government agencies subject to his general oversight.

It seems clear that department heads in the public service under our system of government must be personally selected by chief executives, subject of course to such requirements of legislative approval as may be constitutionally prescribed. But it seems equally evident that chief executives will more and more seek the abilities which make for effective institutional leadership rather than look for solely political qualifications in the department heads they select.

It should be stressed, then, that the political ability which management must evidence at the departmental and subordinate levels of the administrative hierarchy is a sense of political responsibility rather than the qualities of the political leader. The department head and his associates must understand the public nature of the task they perform and must be sympathetic to the public conditions which surround their work. This is not the same thing as saying that management must be ready to assume the tasks of political leadership. In any event, there does not appear to be any ready substitute for possession of the qualities of management leadership in the institutional sense. If management does not provide these qualities, they will be largely absent from the administrative process, with consequent loss in effective performance.

The second general problem is whether leadership is such an art in itself that the capacity to appreciate and to exercise the technical requirements of leadership discussed in this chapter outweigh the requirements of substantive knowledge in the specific field administered. This question is posed in many fields of human endeavor, but we shall confine our attention to government service. Should the head of a department of public works be an engineer? Should the head of a department of health or of hospitals be a doctor? Should the head of a department of welfare be a professional social worker? Should the head of a city school system be an educator? Should the head of a public university be a scholar? Should the head of a law department be a lawyer? Should the head of a scientific research agency be a scientist? Should the head of the Forest Service be a forester? The author's answer to every one of these questions would be an emphatic affirmative. A top administrator must possess substantive as well as technical ability.

But management cannot be effective simply on the basis of its substantive knowledge of engineering, medicine, education, welfare, or forestry. Management frequently reinforces its technical ability by including specialists in organization, budgeting, accounting, personnel relations and techniques, purchasing, maintenance of plant, and public relations. Indeed, a professional specialization in these individual technical aspects of management is now far advanced in our society. But this fact does not necessarily mean that we are about to recognize a profession of management. Rather, technical management specialists cannot expect to rise to the top position of department head or bureau chief unless they master the substantive knowledge about the work of a particular government agency. And on the other hand, some professions have answered the dilemma by adding education in administration to the educational program in substantive knowledge. Thus in the field of public-school education, departments of educational administration are now well established. Similarly, schools of business have added studies in management to their curriculum; most engineering schools have substantial departments of so-called "industrial" (or management) engineering. Schools of public health are now adding courses in health administration. More and more one finds a tendency for fields of substantive knowledge which parallel many administrative agencies of government to add the study of technical aspects of management to their scope of interest.

Thus in management as a collective group we find specialists in substantive matters and specialists in technical matters of large-scale enterprise. A combination of the two abilities is essential to management leadership in the public service.

It seems evident that the larger an enterprise becomes, the more important are the technical qualifications for management leadership. A number of years ago this idea was graphically presented by Clarence Ridley in discussing heads of public works departments. For the chief engineer of a small city, one of 10,000 population or less, said Ridley, it was important that 75 per cent of his qualifications be engineering knowledge and only 10 per cent represent "executive capacity." For the chief engineer of a city of over 100,000, on the other hand, Mr. Ridley estimated that 50 per cent of his personal qualifications should represent "executive capacity," 25 per cent should represent experience, and only 5 per cent should represent engineering knowledge as such.[19] This is an emphatic way of stating that as an administrative agency becomes larger and its work more complicated, the top administrator can depend upon his assistants for detailed substantive knowledge, but unless he can supply the talents of technical leadership, central direction will falter.

This brings us to the third general issue: How are top-management abilities for leadership to be identified, recruited, and trained for the responsibilities of leadership? We have already indicated that department heads must, in our judgment, be political appointees. But, it may be repeated, chief executives are well advised in making such selections to consider administrative capacities above political loyalties and rewards. Some part of the administrative staff of a department head should be personal selections. At this level of management organization, selection of personnel is part of the political process of our government.

Just how large this political element should be is a question we have raised before and one we shall return to in considering the personnel practices of government. In 1938 Professor Macmahon and the author found that among 47 bureau chiefs in Federal service, 80 per cent had been selected on a formal or informal merit basis.[20] It is the author's strong conviction that the entire bureau-chief level of administrative organization in the public service should not be subject to political selection.

Apart from the political element of management, government administrative agencies must have some internal procedure for recruiting and training persons for management duties. Entrance to the public service in this country is largely upon a professional basis, that is, upon the basis of an individual's experience or knowledge in performing specific kinds of substantive work. It is a task of management leadership to develop an executive training program which will identify within the service the persons who display administrative capacities and to prepare them by study and varied experience for manage-

[19] Clarence E. Ridley, *Public Works Departments in American Cities* (Chicago: Public Administration Service, 1929), pp. 47–49.

[20] Arthur W. Macmahon and John D. Millett, *Federal Administrators* (New York: Columbia University Press, 1939), p. 449.

ment duties.[21] Leadership in administrative groups must be alert to the needs of succession, and so must take an active concern in developing those persons who can exercise the responsibilities of leadership, who can and will understand the whole range of management duties discussed in this volume, and who will fulfill the requirements of leadership which we have outlined in this chapter.

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[21] A great deal of progress is being made in identifying the personal qualifications which are essential for the leaders in administrative enterprises. A nationwide cooperative project in educational administration with the support of the Kellogg Foundation has been studying the recruitment, preparation, and assignment of school administrators. A ten-year study under way at Ohio State University under the direction of Professor Carroll Shartle is covering the same subject for business, industry, and government leadership. The common-sense ability to identify leadership talent is being rapidly supplemented by more formal techniques of testing and of training.

CHAPTER 3 *Planning*

Planning is the process of determining the objectives of administrative effort and of devising the means calculated to achieve them. In other words, planning is preparation for action. The word "planning" in and of itself is "neutral"; it implies no particular set of goals and no one special type of procedure, dictatorial or otherwise. Planning is simply the endeavor to apply foresight to human activity; planning anticipates desired results and prepares the steps necessary for their realization.[1]

Planning has become increasingly important in our society because of the growth of human knowledge. To be sure, we hold constant the fundamental values which we as individuals and as a society prize dearly. We still set forth as the end purposes of our Western culture such great goals as due recognition of the dignity of the individual, general material well-being for all persons, peaceful and harmonious adjustment within society, the advancement of our culture, and the growth of spiritual insight. But knowledge increases the ability of individuals and of social groups to think about and to devise ways and means for accomplishing these primary ends. An expanding human knowledge gives us greater possibilities for exercising purposeful human effort to influence both our physical and our social environment. Planning as a process becomes more and more the utilization of knowledge in an intelligent endeavor to promote the great basic purposes of our society.

We cannot pause here to debate the vital question of how much individual and social welfare shall be promoted through the instrument of government and how much through other, nongovernmental social groups. This is unquestionably a major question of our time. For our purposes we may accept two basic propositions. One is that in our society we expect the role of government to be a limited one. The other is that we do expect government to take some part in promoting the general welfare. Our concern with planning by management in the public service hence is confined to that limited area of activities in which our society determines that government shall operate.

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[1] In writing this chapter the author has relied heavily upon his previous volume *The Process and Organization of Government Planning* (New York: Columbia University Press, 1947).

The development of the so-called "scientific management" approach to the problems of administration has laid great stress upon the importance of planning as an essential of effective management.[2] Unless plans are carefully formulated and clearly prepared in some detail, a great deal of wasted effort must invariably result. One of the standards used in assessing the quality of management performance in various enterprises has been the caliber of its advance planning. Indeed, any *purposeful* human endeavor by very definition must involve planning.

Moreover, the possibility for a new administrator coming into an existing agency to affect its operations in any considerable degree depends in large part upon his planning interests and capacities. In any large establishment a new group of top-management persons cannot expect to have an immediate impact upon day-to-day operations. It is only by planning future objectives and methods that top management can provide effective direction to a large agency.

Policy Planning versus Program Planning

A useful distinction should be made between policy planning and program planning. The first is concerned with developing broad general outlines of governmental action involving usually new legislation or the modification of existing legislation. The second is concerned with the preparation of the specific purposes to be realized and the procedures to be employed by administrative agencies within the framework of existing public policy. Administrative agencies perform both kinds of planning. A recent and well-known episode may help to make this distinction clear.

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[2] Note the central place afforded to planning in the following brief summary of "scientific management" written by the "father" of the movement in this country. "The body of this paper will make it clear that, to work according to scientific laws, the management must take over and perform much of the work which is now left to the men; almost every act of the workman should be preceded by one or more preparatory acts of the management which enable him to do his work better and quicker than he otherwise could. And each man should daily be taught by and receive the most friendly help from those who are over him instead of being, at the one extreme driven or coerced by his bosses, and at the other left to his own unaided devices." Frederick Winslow Taylor, *The Principles of Scientific Management* (New York: Harper, 1916), p. 26.

In June, 1947, Secretary of State George C. Marshall made a major address on American foreign policy at Harvard University. On this occasion he declared that European countries for several years would require more food and other products from the United States than they would be able to pay for in the course of normal trade relationships. He further stated that some form of American aid was imperative in order to avoid "economic, social, and political deterioration of a very grave character" in Europe. He added that it was in the national interest of the United States to extend this economic assistance and to help prevent political chaos in European countries. Finally, he announced the proposition that before further American assistance could be extended, the European nations themselves would have to agree upon the requirements of the situation and the part they could and would contribute to realizing improved economic conditions.

This was a major enunciation of desirable public policy. The development of these propositions grew out of various postwar forms of American aid to Europe, discussions with European government officials, and extensive consideration by American government officers. Thereafter followed a great deal of further study of possible lines of action by European governments and by various agencies in the United States, including a specially created President's Committee on Foreign Aid.[3] All of this activity helped to provide the information which underlay the policy planning.

As a result, Congress passed the Foreign Assistance Act of 1948 approved Apr. 3 by the President, which opened with a statement of "findings and declaration of policy." Section 102a of this legislation is worth quoting in full. It read as follows:[4]

> Recognizing the intimate economic and other relationships between the United States and the nations of Europe, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in Europe endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. The restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon

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[3] Cf. Committee of European Economic Cooperation, *General Report,* U.S. Department of State Pub. 2930, European Series 28, released from Paris on Sept. 21, 1947; and *European Recovery and American Aid,* A Report by the President's Committee on Foreign Aid, Nov. 7, 1947 (Washington: Government Printing Office, 1947).

[4] Public Law 472, 80th Cong.

> the establishment of sound economic conditions, stable international economic relationships, and the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance. The accomplishment of these objectives calls for a plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through a joint organization to exert sustained common efforts as set forth in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, which will speedily achieve that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation: Provided, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that continuity of assistance provided by the United States, should at all times, be dependent upon continuity of cooperation among countries participating in the program.

With the passage of this legislation a fundamental public policy was embodied in law authorizing a broad program of American economic assistance to Europe. The policy was thus determined; the program to effectuate that policy had still to be developed and put into operation. Indeed, many administrative officials were at work developing the outlines of program and of administrative machinery before the legislation was finally enacted. But much program planning was continually necessary to carry out the law. Thus, the Economic Cooperation Administration developed an agreement with the Italian government for a recovery program emphasizing (1) machines for gutted factories, (2) increased supply of industrial power, and (3) improved practices in land cultivation.[5]

After the invasion of the Republic of Korea by the Communist government of North Korea, American policy on economic assistance changed to emphasize a new policy, that of "mutual security," embodied in the Mutual Security Act of 1951, approved Oct. 31. New programs grew up, with such labels as the "end-item" program, the "off-shore" procurement program, the "defense-support" program, and the "counterpart" program.[6]

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[5] Paul G. Hoffman, *Peace Can Be Won* (New York: Doubleday, 1951), p. 95.

The difference between policy planning and program planning is not that one involves legislative action and the other administrative action. No such distinction is possible. The difference is that one sets forth broad goals for administrative activity, such as to promote European economic recovery, or to help local governments improve the quality of urban housing facilities, or to ensure a minimum or "parity" price to agricultural producers for their farm products, or to prevent unsafe and unsanitary building construction in cities. Policy planning involves a decision about the scope and content of government action in our society and a general conception of desirable public good. Value judgments underlie these policy plans. Once broad outlines of public policy have been set, usually by legislation, they may continue in operation for a considerable period of time. Administrative agencies, legislative committees, advisers to the Chief Executive, and private groups may review public policy from time to time and may urge change or even abandonment. The part that administrative agencies may have in this kind of review is a phase of policy planning. But it is not unusual for management in the public service to find that the general policy underlying or guiding an agency's work is more or less fixed; policy changes ordinarily are not hastily made.

On the other hand, program planning is a continuing task, a never-ceasing essential of management. Within the framework of public policy constant attention must be given to the specific goals to be achieved in carrying out that policy and to the detailed action needed to realize those goals. Such planning is carried out month after month, year after year. So long as an administrative agency exists under some general public policy, program planning is an unending concern of the management of that agency. This situation is the same for administrative agencies at all levels of government, Federal, state, and local. Program planning is the essential technique whereby management guides administrative action.

The Planning Role of Administrative Agencies

Sometimes it has been suggested that politics and administration are separable phases of the governing process.[7] This would appear to be a faulty conception, as is so well illustrated by the field of planning. Planning is an inextricable part of the whole political process in which the management of administrative agencies is only one element.

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[6] Donald C. Stone, "The Impact of U.S. Assistance Programs on Western Europe," *The American Political Science Review*, vol. 46 (December, 1952), p. 1100.

[7] Such an idea was set forth many years ago by Frank J. Goodnow, *Politics and Administration* (New York: Macmillan, 1900).

In an institutional sense, the limited political power shared by our Federal and state governments is divided among three different branches: legislative, executive, and judicial. In varying degrees administrative agencies function under the oversight and control of all three branches. Basic decisions about the policy, scope, magnitude, and procedure of administration come from all three branches, although the legislature and the executive tend to be the more important, and in our state governments the role of the chief executive clearly predominates.

The planning work undertaken by the management of administrative agencies must be performed in the context of this governing process by which basic decisions are made. This means that department heads may prepare fundamental policy recommendations subject to approval of the chief executive and legislature, and they may review and advise about policy proposals which originate with the chief executive and the legislature. Certainly administrative agencies cannot be removed from having a considerable part in the preparation and consideration of basic policy decisions, even though in the last analysis the governing branches will make the final determination about what public policy shall be.

It should be understood, moreover, that not all essential aspects of policy administered by agencies will necessarily be embodied in legislative enactment or executive order. Sometimes important aspects of public policy are determined by administrative agencies to supplement or to interpret the general directives of legislature and executive. A failure on the part of the legislature or executive to rescind or modify such determinations is in effect a tacit approval of the policy decisions made by administrative management.

For example, at no time during World War II did Congress ever fix the exact size of the Army to be mobilized by the United States. At one time hearings were held by a House committee on the subject, prompted in large part by complaints from farm areas about the number of young farm workers being drafted. The Chief of Staff of the Army told the committee that it had been planned to have an Army of 8.3 million men with full mobilization, but that various factors had resulted in some doubt whether this figure would in fact be attained. Congress was apparently satisfied with these plans and never legislated about the exact size of the Army. At the peak in

May, 1945, the Army did reach almost 8.3 million persons. To be sure, Congress said that there should be an Army and that it should be raised by provision for compulsory service. In another instance, basic policies on termination of war contracts were worked out by the Army and Navy Departments and put into effect a year before Congress itself embodied these policies in the Contract Settlement Act of July 1, 1944.

To give another illustration, Congress has declared by a number of pieces of legislation, such as the National Security Act of 1947 and the National Science Foundation Act of 1950, that it shall be the policy of the Federal government directly to encourage scientific research and development. But it has been left for the Department of Defense to decide just what proportion of available research funds shall be devoted to basic research designed to advance our general knowledge in the natural sciences and what proportion shall be devoted to developmental research and testing designed specifically to provide new or improved weapons of defense.

The point simply is that there is a close interweaving of policy decisions by Congress and the President and of those by administrative agencies. The top management of government agencies cannot be separated from this process of government decision making. Fundamentals of public policy will usually be embodied in statutory enactment, but these are subject to interpretation by the chief executive and even by the courts in certain instances. Management contributes to the formulation of policy, to its consideration, and to its periodic review. In addition, important elements of policy may be determined by management to supplement the directives which an agency receives from legislature and executive. In this sense administrative management is a part of the political process.

It might be thought that in the field of program planning at least it could be said that administrative agencies have full scope. But this is not so. It is a primary task of management, as we have already emphasized, to prepare program plans on a continuing basis in order to carry out basic policies of government. But these, too, are subject to periodic approval by chief executive and legislature, usually during consideration of the annual budget. The decision about the magnitude of the work program of an agency is an important political decision. How many units of public housing shall the Federal or state government subsidize in a given year? How much effort shall be made to combat tuberculosis by the public-health department? How many combat groups shall the United States Air Force organize and equip and how shall they be divided between strategic and tactical support missions? These are all questions of program planning which the management of a housing agency, of a health department, and of the Air Force must work out in the first instance. But these are all questions which involve budgetary considerations as well, and hence cannot be settled solely by the administrative agency concerned. It is only within the limits of available appropriations that management can frame program plans with some degree of certainty, and even these may be subsequently questioned by legislative investigators and by staff of the chief executive.

Planning is a necessary part of the administrative process, an essential task of management. But planning involves important issues of government decision as well. A constant interplay of management decision making and legislative and executive decision making occurs in the planning process. This is just one part of the work of management in the public service which constantly reminds us that public administration is political in character and must operate within the framework of governmental practices.

Planning Emphasis

The planning movement as it has developed in our urban governments is primarily concerned with physical problems, with street layout, the location of public buildings, transportation, housing, and many similar issues which arise from congested living. There are other policy and program matters in local government besides those which concern the physical characteristics of an urban community, but these have not received the same degree of attention.

In Federal administrative agencies, especially in the last twenty-five years but actually throughout our history, planning problems have involved especially questions of national economics. Alexander Hamilton was an economic planner in the very first government of George Washington. He was interested in devising public policies which would promote the economic interests of the new nation as he understood them. Jefferson had a similar desire as President, except that he had a somewhat different conception of what the national economic interest might be. The story of American political history in the nineteenth century is in large measure a record of public controversy about internal improvements, tariffs, transportation facilities, monetary policy, and business regulation—all issues in planning the role of the Federal government in relation to the operation of our private-enterprise economy. These controversies in a new vein and in a far more complex economy have continued into the twentieth century, complicated by the economic requirements of national defense.

Our state government administrative agencies have fallen somewhat in between the local preoccupation with the physical characteristics of the urban community and the Federal preoccupation with government's role in relation to the national economy. State government agencies have had to plan in such fields of public service as education, health, welfare, roads, and penology. These subjects have embraced the principal fields of state government activity as well as of state supervision of local government.

In other words, the planning which management undertakes in the public service reflects both the specialized concerns of the work which a particular agency does and the general interest of the level of government at which an agency operates.[8]

The Planning Process

The planning work which management performs may be best understood if it is thought of as embracing three broad steps. These steps are highly interrelated, usually proceed simultaneously, and necessarily react one upon the other. Moreover, all three steps may raise questions of general policy as well as of specific program. These steps are: (1) the formulation of goals or objectives, (2) an assessment of the means or resources available to realize these goals, and (3) the preparation of a work program designed to achieve the determined objectives. These steps are applicable to the whole range of government work, but of course are most concretely evident in activities involving physical structures, such as developing the water resources of a great river basin, or in purchasing supplies for the Armed Forces. Yet in such varied work as conducting our foreign relations, enforcing our criminal laws, preparing our strategy for national defense, and providing school service, these three steps of the planning process can also be found.

Administrators and their planning assistants may not always be aware of the actual process by which they have arrived at their decisions, and the planning process may not be neatly divided into these particular procedural steps. Yet the essence of planning involves these three parts in determining the purposeful effort of an administrative agency.

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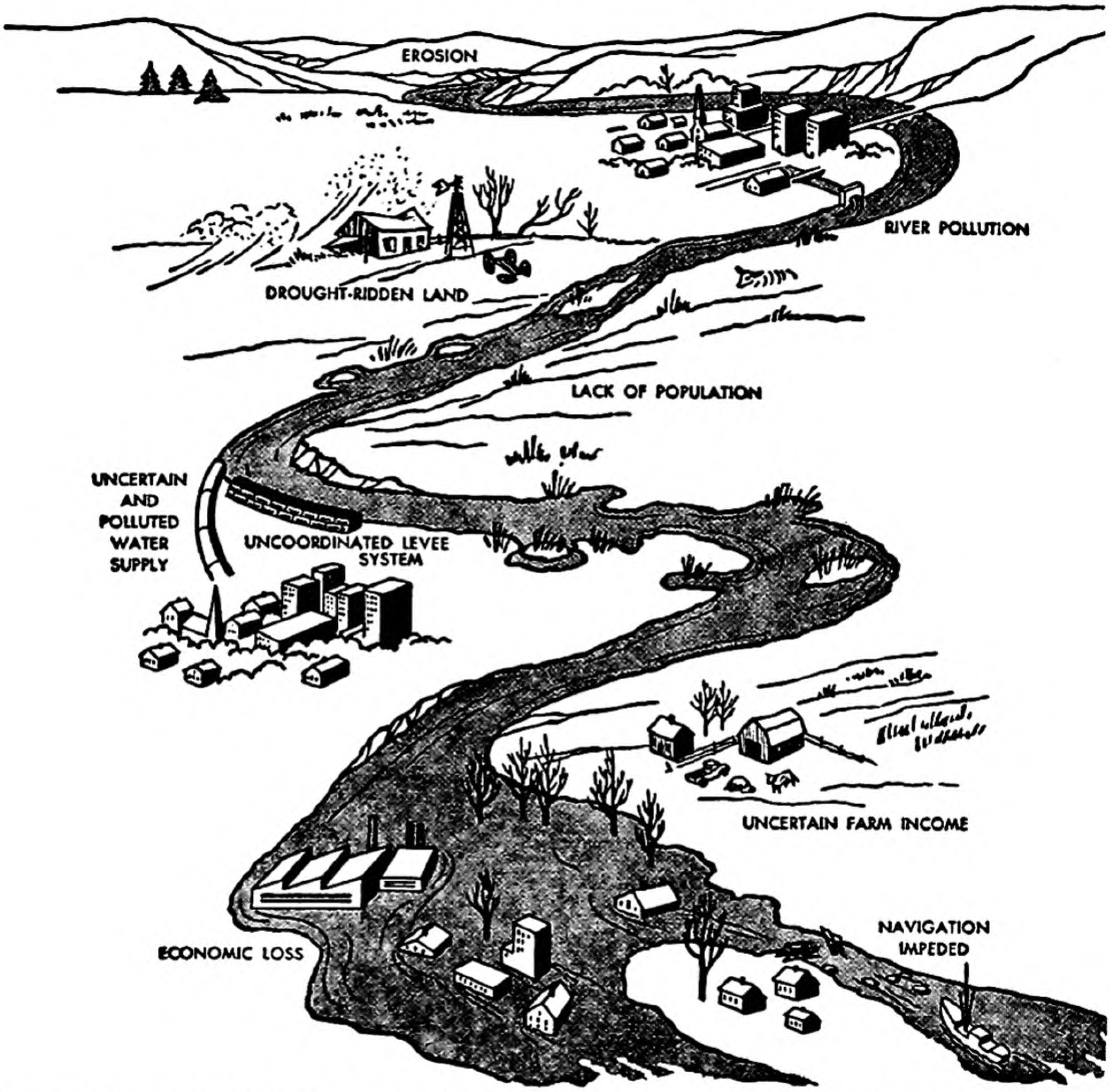
[8] For a comparison with the particular subject-matter concerns of planning by private business management, see Edward H. Hempel, *Top-management Planning* (New York: Harper, 1945).

Formulating the Goals

The first stage in the planning process is to develop some general conception of what shall be the purpose or goals of administrative effort. Most social action through the instrument of government arises from particular situations which create definite problems. Therefore, it is customary to inquire into such things as the nature of the problem, how it developed, its magnitude or scope, and why it is socially desirable to do something about the situation. In this analysis of the characteristics of a problem we usually hope that it will be possible



SITUATION: AN UNCONTROLLED RIVER

EROSION
RIVER POLLUTION
DROUGHT-RIDDEN LAND
LACK OF POPULATION
UNCERTAIN AND POLLUTED WATER SUPPLY
UNCOORDINATED LEVEE SYSTEM
UNCERTAIN FARM INCOME
NAVIGATION IMPEDED
ECONOMIC LOSS

FIG. 1. Uncontrolled, the energies of a river are wasted and destructive. (*From The Missouri River Basin Development Program, published by the Missouri Basin Inter-Agency Committee, June, 1952.*)

to discover or invent a practical means to alter an undesirable situation.

Yet this inquiry and thought proceed upon the foundation of two major propositions in so far as government administration is concerned. One is that it is possible to formulate in greater or lesser degree of exactness what constitutes a desirable situation, that is, a state in which the problem would be greatly ameliorated or eliminated. The second proposition is that in order to arrive at a more satisfactory situation government action is necessary. It is in the process of making these two propositions explicit that agencies develop their goals for administrative action. Obviously, in determining the approach to these two basic questions, management, legislatures and executives, and public groups make various value judgments depending upon their belief in what is a social good. For example, over one hundred years ago when the public-school movement was launched in this country, there was first a group of citizens, in large part organized and mobilized by the efforts of one person, Horace Mann, who declared that in a democracy all citizens ought to be literate. This statement of position was based upon the proposition that the American system of government is a democracy, that such a democracy is good, and that this democratic system of government should be preserved. These beliefs or convictions constituted a fundamental set of value judgments underlying the argument for a public-school system. From this position the advocates advanced to the proposition that literacy was essential to a democracy and that all citizens must be provided with the opportunity to learn how to read and write. Here there was an argument involving means or instrumentality—the relationship of literacy to democracy. But the position also was that a situation approaching universal literacy was a good which should be promoted. The third proposition was that something like universal literacy could be realized only through a system of schools operated and financed by government. Thus one by one state governments were induced to enact state school laws establishing local school districts with the responsibility for providing a free schooling required of all young people between specified ages.

Just such a set of ideas and just such citizen agitation as underlay the development of a public-school system in America will be found to characterize the history of many government activities. The foundation for most government administrative effort is a set of value judgments about what is desirable for the public good and about an inherent need for effective social action through government. The determination and the review of the basic goals of administrative programs in consequence involves the formulation and defense of certain fundamental propositions about social well-being and government.

This fact can be illustrated in a more recent episode by referring to consideration of the question whether there should be a Federal government housing program in the years after World War II. In discussing this question before a Senate Committee in 1945, John B. Blandford, then Administrator of the National Housing Agency, presented his affirmative argument under several major headings. First, he presented data to indicate that a large-scale volume of residential

A RIVER BASIN PLAN: RESULT, A RIVER AT WORK

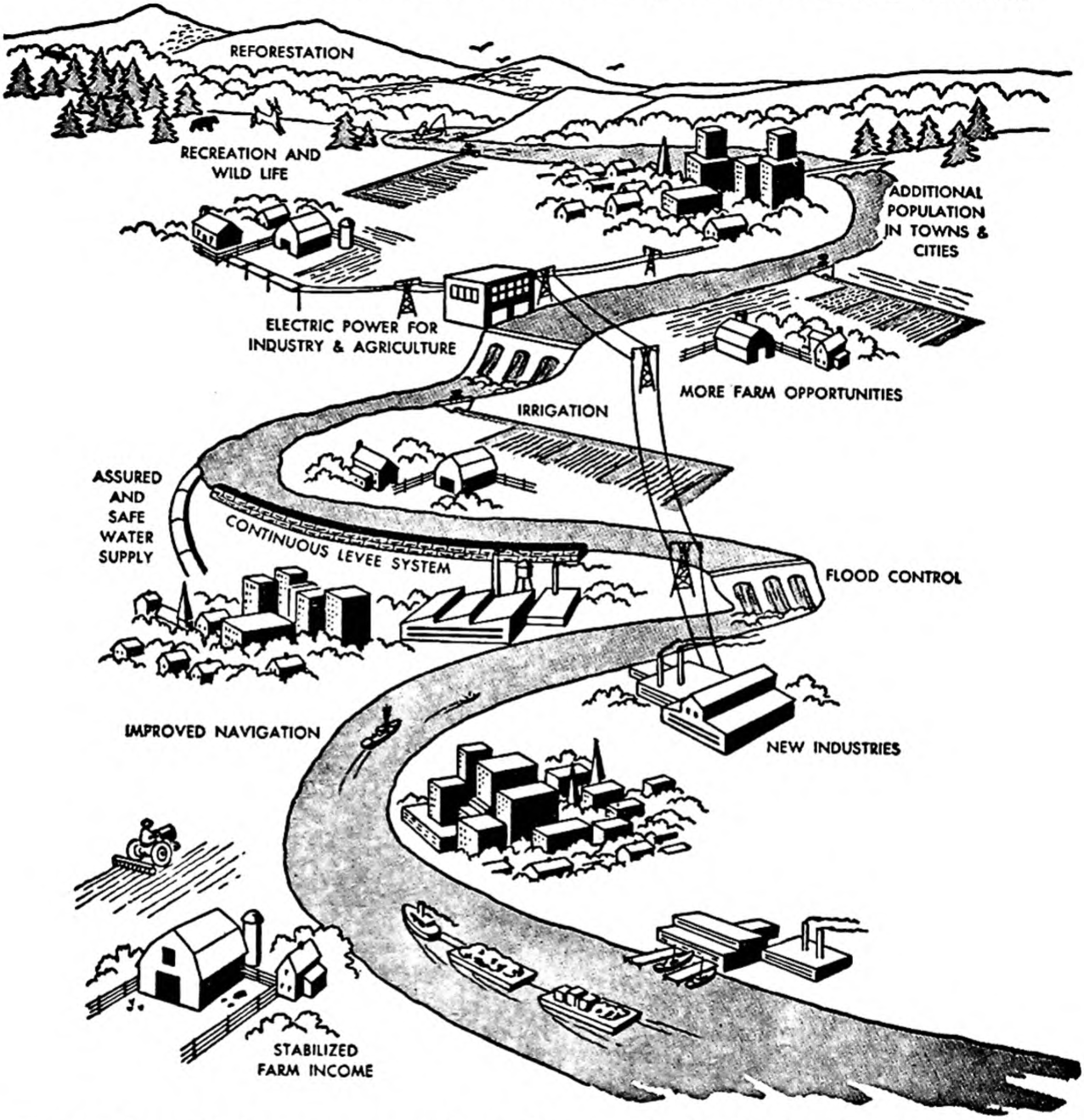

REFORESTATION
RECREATION AND WILD LIFE
ADDITIONAL POPULATION IN TOWNS & CITIES
ELECTRIC POWER FOR INDUSTRY & AGRICULTURE
MORE FARM OPPORTUNITIES
IRRIGATION
ASSURED AND SAFE WATER SUPPLY
CONTINUOUS LEVEE SYSTEM
FLOOD CONTROL
IMPROVED NAVIGATION
NEW INDUSTRIES
STABILIZED FARM INCOME

FIG. 2. Controlled, a river is productively at work for the benefit of man. (*From The Missouri River Basin Development Program, published by the Missouri Basin Inter-Agency Committee, June, 1952.*)

housing construction was an important element in helping to achieve maximum production in the national economy. He summarized his position with the conclusion "that a more stable, more prosperous, and larger housing enterprise may be one of the most important single contributory factors to general stability, full employment, and prosperity after the war."[9] Second, Mr. Blandford pointed out that residential housing constituted about 40 per cent of the developed area of an urban community and provided about 45 per cent of local tax revenues. He went on to note that various studies indicated that slum and blighted housing areas of urban communities required local government expenditures per capita in excess of tax payments, while just the opposite was true of areas of high rent and of better housing. Poor housing conditions also contributed, he declared, to high incidence of communicable disease. Moreover, for most people the cost of housing is a major part of their personal expenditure. He concluded accordingly that improved housing was desirable for reasons of municipal economy and general public health and that low-cost housing was needed for many families of limited economic means. Mr. Blandford then discussed the known facts about number and condition of the residential dwelling units in the country. As of 1940 some 39 per cent of the nonfarm dwelling units needed major repairs or lacked essential sanitary facilities. It was in low-rental housing where these deficiencies primarily occurred. In the fourth place, Mr. Blandford presented certain housing goals needed to realize a more adequate housing condition for most American families. He projected a ten-year need for constructing 12,600,000 new dwelling units in order to replace substandard housing and to meet additional housing demands. Finally, after reviewing various financial, organizational, and technical resources for housing construction, Mr. Blandford concluded that the projected housing goals could be realized only through Federal government stimulation. He then proceeded to outline certain broad policies which should characterize this Federal government activity.[10] Thus, the basic question to which a housing administrator in the Federal government must address his attention is of course whether there should be any government concern with or positive program to improve the condition of urban housing. Not until this question is answered can one proceed to discuss the nature of a desirable program and how it should operate.

[9] *Housing and Urban Redevelopment,* Hearings of a Subcommittee of the Senate Special Committee on Post-war Economic Policy and Planning, 79th Cong., 1st sess., Jan. 9, 1945, Part 6, p. 1227.

[10] *Ibid., passim.*

In our society, then, the formulation of goals for government action must begin with a justification for any continuing government concern at all. Thereafter follow a determination of the broad objectives which government action should endeavor to attain and the basic strategy of direct or indirect methods for achieving the desired ends. All these considerations are important factors in deciding what ought to be the end purpose of government endeavor.

In this process of fixing goals for government administrative endeavor, more and more attention has been given in recent years to efforts at devising standards which would indicate a desirable situation. In a public-health program the standard of effective operation is a declining incidence of communicable and other diseases, and a declining death rate. Thus vital statistics become an important "measure" of what public-health work is or is not accomplishing. In navigation improvement or in the development of the water resources of a river, the planning standard may be the realization of a 9-foot or a 12-foot channel between certain points, this kind of standard reflecting the type and volume of navigation which is expected to utilize the river. In park development for urban communities it has become customary to think in terms of a standard of 10 per cent of all urban land devoted to park and playground use, or 10 acres for each 1,000 persons of urban population. This is a standard which few if any urban communities have ever been able to realize, but it nonetheless expresses a goal.

Standards of service are an important tool in formulating goals for administrative work, but it is obviously simpler to express standards in quantitative terms for certain types of activities than for others. Any work which lends itself to physical count or description may be subject to the development of standards. Thus, the carrying capacity of various types of road design may be expressed in terms of a traffic-density standard. The kind of paving materials to be used in various roads may be determined in the light of durability, safety, and cost standards. The number of desirable elementary schools may be determined in the light of standards of student size and of ready access. It is not so easy, however, to determine the standard of what constitutes an "adequate" public-school education in terms of the content or degree of learning to be acquired. Presumably the only standard for American foreign policy is whether it avoids war or not. Yet human ingenuity in more and more fields has found it possible and feasible to express standards of desirable government service. Thus, in its relations to the private economy, the Federal government has acquired a kind of standard which may be described as "full employment" and some stability of price levels. Such standards in varying degree of exactitude become a means for formulating the goals of public policy and of public administration.

This management concern with goals must be translated into fairly concrete and specific terms in order to be of maximum usefulness in guiding administrative work. Thus general goals usually give rise to more specific goals. An adequate standard of housing accommodation for American urban families must be translated into specific terms of number of persons per room, rent levels, and similar considerations. It must be formulated also in terms of number of units to be constructed. A procurement program for the United States Air Force must set forth the number and types of aircraft which are desired for the adequate arming of our air defense.

Thus this first step in the planning process, this formulation of the goals for administrative action, entails a number of different phases, with the basic purpose of providing objectives to be realized through group effort as specific and concrete as it is possible for human knowledge and management capacity to provide. The work procedures of group effort will usually be efficient in terms of a minimum of wasted activity to the extent that goals are carefully and clearly formulated.

The Inventory of Available Resources

The second step in the planning process, and one closely related to the whole process of formulating work goals, is that of making or keeping an inventory of present conditions or resources. If the Air Force wants to man and arm 120 air combat groups, it must know what are its potential manpower and productive resources if it is to prepare a program for realizing this goal. If a river channel is to be kept at a constant level ensuring a 9-foot channel for navigation, the planners must know what the ordinary channel level is at various times of the year and how much water may be available for storage to realize the desired level. If there is to be a grade-school building for every 400 to 800 children and every child is to live within a half mile of the building, the location of all existing school facilities in terms of present and future school population must be known.

Obviously, management planning will almost always start with an existing situation. Seldom do we have an opportunity or an inclination to start a government activity "from scratch." Instead, most government work begins or expands in response to some particular set of circumstances. Hence planning must begin with some knowledge of what a particular situation is and what it implies in relation to the possibilities for future action.

The concern of management planning is ordinarily the "gap" between what is and what is desired. It is this gap which largely determines the magnitude of future government work. If we find for example that only half of all the high school graduates with an IQ of 110 or above go to college, and if we fix upon an IQ of 110 as a standard of college ability, then we know that the gap with which an intensified college recruiting plan should be concerned is this one-half of qualified high school graduates who do not now go to college.[11] When city planners go to work to try to relieve traffic congestion, they must begin with an existing pattern of street layout and traffic flow. They must know what it is they want to achieve in the way of better traffic flow, and they must know what financial and other resources may be available to help improve the present situation.

One of the purposes in determining the gap between desired goals and current condition is to examine the feasibility of the goals themselves. Sometimes a plan fixes desired levels of achievement for administrative effort which are beyond the capacity of human achievement in the allotted period of time. During World War II the military authorities at one time fixed procurement goals for the year 1943 which amounted to nearly 100 billion dollars. The planning committee of the War Production Board decided that a "feasible" output of munitions in the light of available raw materials, production facilities, and manpower resources was something like 75 billion dollars. After considerable negotiation among the top-management officials of the war production effort, military procurement goals were cut back where they would more nearly approximate the feasible production capacity.[12] Adjustment of planning goals in terms of "feasibility" is one of the purposes in analyzing a problem situation and the resources available for its solution.

An inventory of "goods on hand" must be compared with "goods to be produced" both in order to prepare a work program and in order to determine the possibility of realizing desired goals. If the goals are not realizable, the "goods to be produced" will usually have to be

[11] This line of reasoning is developed in Byron S. Hollinshead, *Who Should Go to College* (New York: Columbia University Press, 1952), a staff study for the Commission on Financing Higher Education which the author had the privilege of serving as executive director.

[12] This so-called "feasibility" conflict between War Production Board and military procurement officials has been recounted a number of times. See, for example, the official history of the WPB, *Industrial Mobilization for War* (Washington: Government Printing Office, 1947), Part III. See also John D. Millett, *The Role and Organization of the Army Service Forces* (Washington: Government Printing Office, 1954), Part Three.

modified accordingly. This whole process of fixing the extent or magnitude of the problem which administrative effort can meet is a second necessary step in planning.

The Work Program

The third important step in planning is preparation of a specific work program for administrative action within a particular time period. Management planning goals are usually "long term"; a management work program is usually "short term." This time factor is the major difference between the step of formulating the goals for administrative action and the step of preparing a work program. Formulation of goals is a matter of fixing objectives which can be realized only over a considerable period of time, such as the 12,600,000 new urban dwelling units which the housing administrator in 1945 projected as desirable over the next ten years. Most government administrative activities are long-range endeavors, as in education, road improvement, the promotion of commercial aviation, public health, soil conservation, forest administration, and others. The management of these activities of the public service requires the formulation and periodic review of long-term goals.

But within the framework of these general objectives management must also prepare work programs which set forth the particular goals to be realized in a one-year or even a six-month period. These work programs are the constituent parts which in the aggregate are expected to realize the long-term objectives of administrative effort. A river development plan, for example, is a long-term set of goals to be realized by construction of dams and the operation of storage basins. The administrative agency or agencies which prepare such a plan do not expect to see it accomplished in one year, two years, or even three years. The plan is a long-range goal. But administrative agencies also prepare a work program which consists of the particular parts of the larger plan which are to be undertaken in any one twelve-month or other period of time.

The prevailing practice in city capital budgeting illustrates this difference, although the customary terminology is confusing. Many statutory or charter provisions specify that a capital budget shall be an actual program of projects to be started or completed in a twelve-month period. But the capital budget is then accompanied by a capital "program" setting forth desirable work to be done in the five years beyond the immediate budget year. In reality such an arrangement requires a long-term capital development plan and a short-range or immediate capital development work program.

It is the work program of management which serves as the basis for budget estimates. A budget indeed is simply a short-term work program expressed in fiscal terms. We shall say more about this later when discussing budgeting. But it is at this point of work programing where the planning activities and the budgeting activities of management mesh. To be sure, budget considerations may require modifications in work programs, since limitations in financial resources must necessarily require limitations in work programs.

Sometimes in actual management operations you will hear that there is a conflict between long-term planning and short-term work programing. Our position here is that no such conflict really exists. To be sure, an agency may have so limited a number of persons to perform its management duties that it is kept fully occupied in dealing with immediate operating problems. A management in this situation may endeavor to frame work programs without ever getting around to formulating long-term planning goals. But the very process of preparing one immediate work program after another does decide what the long-term goals shall be. In this situation the planning objectives turn out to be whatever the work programs over a period of years add up to. The real question is whether management should have given greater attention to the long-term implications of its short-term work programs.

Moreover, any attempt organizationally to draw a distinction between formulating planning goals and determining work programs will almost always result in long-term planning which is of the "ivory-tower" variety and in short-term work programing whose principal characteristic is expediency. It is desirable to prepare work programs in the light of some conception of general goals to be achieved over a period of time, even as it is desirable to formulate general goals in terms of what a series of work programs will be able to accomplish. Both steps are equally important parts of the whole planning process.

This planning process, moreover, is not the exclusive province of top management in an administrative hierarchy. All levels of management in a great organizational structure contribute to the formulation of goals, the inventory of a current situation and its resources, and the preparation of a work program. Local offices contribute their ideas and information to a central office. The various parts of a central office put these proposals together, contribute their own ideas, and eventually set forth both goals and work programs. A certain amount of "bargaining" often goes on in the course of these relationships. This is to be expected. But all management wisdom on planning matters is not to be found exclusively in a particular level of management authority.

It scarcely seems necessary to add the word of caution that planning is a continuing process. It is never complete. Conditions change, new objectives become evident, new methods of achieving desired results are discovered. Plans must always be flexible. Once formulated, they are subject to constant adjustment. No administrator in a democracy wishes to be accused of undeviating determination to accomplish his purpose. And there can be no progress in administrative activities if a plan once set up must be religiously adhered to. Of course, there is a corollary: plans should not be so flexible that they are changed overnight on the slightest pretext. Frequent shifts in a plan create more confusion than anything else in the performance of an activity. There is a middle-of-the-road balance to be achieved between flexibility and inflexibility in planning.

Research

Planning depends upon knowledge. And the expansion of knowledge depends upon research. Research means the collection and analysis of data about various subjects and the synthesis of observation into great conceptual schemes of behavior. Such research is indispensable to planning. Some research may involve no more than the accumulation of information about existing physical structures, quantities of supplies on hand, or land utilization. Or research of importance to planning may require elaborate inquiry into economic processes or the physical properties of various substances. The planner must not only know the extent of the existing data available about a particular field of activity, but he must also realize what additional information would be useful in his planning. Although the planner need not embark upon extensive research programs of his own, he should encourage research activities both in his agency and outside.

But it is equally important to emphasize that research is not planning. Research contributes to planning, it assists the preparation of plans, it helps ensure that plans are reasonable. Yet the accumulation of a great deal of knowledge about some subject is not the same thing as preparing a course of administrative action designed to achieve specified goals of government service. Planning means making use of existing knowledge for administrative purposes. The administrator cannot wait until the whole universe is brought under man's detailed scrutiny and analysis before he builds a dam, sets up an unemployment compensation scheme, or operates a hospital. There are current needs and demands which the administrator must meet under existing law and under instructions from a chief executive. He cannot wait indefinitely to begin his activities. He seeks simply to operate his work as intelligently and as efficiently as possible. He wants to be sure that he knows what he should accomplish and that the result is generally desirable; he wants to achieve the maximum possible results with the resources at his command.

Planners must be prepared to help the administrator in making current decisions and in preparing programs of action. Accordingly, the planner's first concern is with making the best possible administrative use of existing knowledge. Second, he may urge efforts to obtain additional information through research, and may even direct such research when this seems desirable or convenient. So far as planning is concerned, however, research is the secondary, not primary, interest of any specialized planning group.

It is, of course, obvious why planning and research have been so closely allied in conception and in organizational arrangements. Indeed, some administrators have preferred to designate the actual planning unit as a research unit because they feared legislative and other reactions to the label "planning." Sometimes persons designated as "planners" in a management organization find it impossible for personal and other reasons to develop the kind of close working relationship with the administrator which is necessary in order to help in making decisions. Accordingly, these persons have turned their attention to research activities as a means of being useful. Moreover, planners are always confronted with the problem of incomplete knowledge. The immediate temptation therefore is to launch research in order to collect needed data of various kinds.

One other word about research in government agencies should be added. Not all government research is intended to help plan administrative activities. Much research is performed for the benefit of an industry or some other particular group. A great deal of the research of the United States Forest Service is intended to benefit the lumber industry generally. The work of the National Advisory Committee on Aeronautics benefits both military and civilian aircraft activities. Agricultural research is performed as a direct assistance to farmers. The collection and analysis of elaborate statistical data by such agencies as the Bureau of the Census, the Bureau of Foreign and Domestic Commerce, and the Bureau of Labor Statistics are performed as services to various groups in our society. The results of this work may also be useful to the planner of administrative activities. But it should be clearly realized that research may be of at least three different types. It may provide generally useful information for the public and others; it may be of immediate usefulness in planning administrative programs; and it may be intended to evaluate existing administrative effectiveness.

Activity Planning and Central Planning

Planning in the public service is usually concerned with particular fields of government activity. Ordinarily the basis of planning effort is a defined field of work assigned to an administrative agency to perform. It is scarcely accurate, for example, to speak of agricultural planning by the United States Department of Agriculture. Rather, planning goes on in more particular fields of administrative interest, such as agricultural price support, agricultural research work, agricultural education, soil conservation, and forest service. This concern with particular problems we may call "activity" planning. It is the usual framework for the planning which goes on in administrative agencies.

The first task of management in setting up a "plan for planning" accordingly is to determine the fundamental fields of activity in which it proposes to prepare plans. Often these fields will represent the major functions of an administrative agency and they may parallel major units of organizational structure. A public-health service in a state requires plans in such fields of activity as preventive medicine, and then in subfields such as tuberculosis, venereal disease, and other communicable diseases. It may have plans in such other fields of activity as maternal and child care, hospital management, and milk inspection. Any major operating task of an agency will ordinarily become a field of activity in which plans are prepared.

The fields of activity for planning purposes may vary from time to time in the light of changing circumstances. But whatever changes may occur from time to time, management must set up clearly defined areas or fields of activity within which operating plans will be prepared. These fields then become the area of concern in which goals must be formulated, the "gap" determined, and a work program laid out.

At the same time there are various interrelationships which necessarily develop among operating plans, and management at succeeding levels in an organizational hierarchy is concerned to examine these interrelationships and to promote harmonious adjustment. Planning at a departmental level, for example, is "central planning," which means that it is primarily concerned with reviewing the planning work of subordinate management levels. The function of this review is threefold. First, it is concerned to make sure that operating plans have been competently prepared. What data have been employed and what assumptions have been used in preparing the plans? Does the work program appear to be reasonably calculated to achieve the general goals?

Does the whole plan appear to have been well done? Thus, for example, in reviewing a plan in the field of maternal health care, the department planners would be concerned about the vital statistics and statistical projections used, the evidence of need for continuing or expanded effort, the methods proposed to reduce the incidence of death or disability in childbirth, and whether the methods contemplated are likely to accomplish the desired result. Second, central review is concerned with the interrelationship of one field of activity with another. Should a maternal-care program include research work, or should the general research program have a maternal-care phase? What cooperative arrangements between the two fields can and should be worked out? Third, central review is concerned with the magnitude of the work to be done. This consideration immediately presents budgetary problems. But it also presents a major issue of policy for the determination of management. Even when budgetary limitations fix a general magnitude within which all programs of a department must operate, there is still the matter of dividing available resources among the individual programs. And such a decision requires the exercise of judgment about relative importance and urgency of some forms of public service as against others.

There are few guides for such decisions; they are matters of human judgment within the light of whatever available knowledge one can muster.

During the depression years of the 1930's the Roosevelt Administration had to decide whether to spend funds primarily for the work-relief type project where labor cost was high (and hence more people could be directly employed) or for the public-works type project where labor cost was low (and hence fewer people could be directly employed). The issue was difficult to resolve in the absence of exact information about what was the differing consequence of the two types of expenditure upon the total volume of employment, production, and purchasing power within the nation. The choice had to be resolved by the Chief Executive and Congress as they saw best, and the choice was made in terms favorable to the work-relief type project. In 1946 Congress created a special agency in the Federal government, the Council of Economic Advisers, to help present information about just such a general policy problem as this.

National security planning faces another such basic issue of choice. If we place general limits upon our national security expenditures, how much shall be apportioned in military aid to our potential allies and how much shall be used directly to add to our own national defense forces? Second, within the amount fixed for our own national defense, how much effort shall be allotted to air, naval, and ground defense units? Third, within the amounts set aside for military procurement, how much shall go into purchase of existing weapons and how much shall go into basic research to provide the knowledge to develop new weapons?

These are the kinds of choices which central management planning has to make. The planners within particular fields of activity are then guided by the decisions which are made about the resources which shall be made available for their work. The central planners (planning advisers and the administrator) fix the general limits for particular program efforts.

The Outside Consultant

Questions of management organization are not relevant to our immediate discussion here. Yet there is one problem which we should note in passing. In preparing program plans or in reviewing them, management has the choice of assigning personnel to specialize in planning duties or of bringing in outside consultants to advise about a particular field. Many administrators do both. During the 1930's, for example, the Secretary of the Treasury built up a number of units in his office to help prepare and review tax proposals, but he also persuaded Congress to appropriate funds whereby he might hire individuals on a part-time consulting basis to advice him about tax matters.

There are advantages and disadvantages in the use of the outside consultant.[13] The consultant above all else is usually removed from the competition for power which always goes on within an organized group. The consultant presumably has no particular vested interest in the solution of a problem; the scope of his work and the importance of his status in the organization will not be affected thereby. The assumption therefore is that the outside adviser is neutral as among the individual persons and units of an organization which compete among themselves in the process of making planning decisions. As Lyman Bryson has observed: "The fact is, observable and inescapable, whatever moral judgment one may insist on passing on it, that the decision-making process is a field of personal ambition and sharp competition in all practical situations, whether business, government or institutional."[14] The consultant must understand this fact, and so realize that much of his usefulness derives from his nonparticipation in the power struggle.

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[13] Cf. Lyman Bryson, "Notes on a Theory of Advice," *Political Science Quarterly*, vol. 66 (September, 1951), p. 321.

[14] *Ibid.*, p. 327.

A second advantage of the outside consultant is that he may bring distinguished competence in a field of knowledge to bear upon a problem and hence may contribute substantially to the factual delineation and exploration of a management program. A consultant is ordinarily brought in as an expert, and it is his expert knowledge which he is expected to make available to the management of an agency.

The disadvantages of the outside consultant or adviser are the very counterweight of his advantages. The consultant may be too little concerned with or fail to understand the broad institutional and political necessities of the administrator which circumscribe the area of choice. The consultant may later feel that his advice has been neglected and his usefulness unappreciated, when in reality his advice did not fully meet the administrative requirements of the situation confronting management. In the second place, some consultants present advice with a super degree of caution. This may reflect the limited extent of knowledge in a field, but it is not very helpful in forecasting the probable consequences of an innovative approach to a problem demanding practical action now. In other words, a consultant may say: "This is all we know about this subject now and I suggest we wait for more knowledge before taking action." This is an entirely proper attitude for the academician; it is not helpful to the administrator who must do something at once.

In spite of the limitations and because of the advantages, management in the public service does continue from time to time to use outside consultants in its planning work. But it is useful for management and consultant to have a realistic understanding of the consultant's role.

Plans

The end purpose of planning is a plan of action to be carried out by the organizational units of an administrative agency. Of course, a plan cannot be executed unless the general field of activity has been authorized by legislative or executive action, and unless appropriations for the performance of the work have been provided. The politics of planning has not been our primary concern here; rather we are interested in the planning role and the procedure of management when participating in the whole governmental process.

This management planning role can best be studied in detail by analyzing actual plans prepared by administrative agencies. More and more inquiries of this sort are being undertaken by students of administration. Such studies provide the broad body of knowledge from which these generalizations about management practices in planning have been drawn. For example, studies are available which deal with the broad policy aspects of the work-relief program of the mid-1930's,[15] the river development program of the Tennessee Valley Authority,[16] the strategic preparations for World War II,[17] agricultural planning during the war,[18] forestry policy,[19] and the soil conservation program.[20] To some degree these studies also report some details about the preparation of work programs.

From time to time administrators present full-scale policy proposals to legislative committees. The testimony of the National Housing Administrator in 1945 has already been mentioned. Most of his suggestions were embodied in the Housing Act of 1949, approved July 15, 1949 (Public Law 171 of the Eighty-first Congress). In 1949 Secretary of Agriculture Charles F. Brannan presented a general outline of policy on the subject of price supports to the House of Representatives Committee on Agriculture.[21] This proposal, which came to be known generally as the "Brannan plan," aroused a great deal of controversy and was not enacted into law; it was presumably repudiated finally by the results of the national election of 1952. But the proposal nonetheless represented an example of management planning in a great department of the national government.

In addition, there has been a great flood of planning reports in recent years prepared by specialized agencies created by the President. To mention a few we cite the report of the President's Advisory Commission on Universal Military Training (1947), the report of the President's Commission on Higher Education (1947), the report of the President's Water Resources Policy Commission (1950), the report of the President's Materials Policy Commission (1952), and the report of the President's Commission on the Health Needs of the Nation (1952). Often similar bodies are created by the chief executives or legislatures of state and local governments to make similar investigations and to recommend general policies for government action. Existing administrative agencies contribute substantially to the work of these specialized bodies, and in the event of the passage of legislation, new or existing administrative agencies fall heir to the task of preparing work programs and of evaluating general goals and policies from time to time.

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[15] Arthur W. Macmahon, John D. Millett, and Gladys Ogden, *The Administration of Federal Work Relief* (Chicago: Public Administration Service, 1941).

[16] C. Herman Pritchett, *The Tennessee Valley Authority* (Chapel Hill: University of North Carolina Press, 1943); and Philip Selznick, *TVA and the Grass Roots* (Berkeley: University of California Press, 1949).

[17] Mark Skinner Watson, *Chief of Staff: Prewar Plans and Preparations,* a volume in the War Department subseries of the general history of the United States Army in World War II, Department of the Army, Historical Division (1950).

[18] Walter W. Wilcox, *The Farmer in the Second World War* (Ames: The Iowa State College Press, 1947); and Bela Gold, *Wartime Economic Planning in Agriculture* (New York: Columbia University Press, 1949).

[19] Luther H. Gulick, *American Forestry Policy* (New York: Duell, Sloan & Pearce, 1951).

[20] Charles M. Hardin, *The Politics of Agriculture* (Glencoe: The Free Press, 1952).

[21] The statement was reproduced in its entirety in the *Congressional Record* for Apr. 7, 1949.

These instances of plans in varying degree of detail are cited simply to bear out the fact that planning is in actuality a major activity of management in the public service. It is from the study of such plans as these and of the process by which they were prepared and put into effect that we learn how management plans.

Summary

Planning is that part of the management process which sets the objectives of administrative action. Planning is preparation for work. It consists of formulating and reviewing basic policies for government action, of setting objectives for an organization to accomplish, and of designing work programs calculated to move from present conditions toward a desired goal. The basis of such planning is existing or proposed fields of government work. Plans may be reviewed at various levels of management in terms of the care with which they have been prepared, of interrelationship with other fields of activity, and of scope.

Planning is an essential part of the management task. It is the means for providing direction to the work of an administrative agency. There cannot be any effective management in the public service without planning. The alternative is improvisation in administrative behavior and the wasteful use of personnel and material resources. Management can give rational meaning to administrative action only if it plans.

CHAPTER 4 *Communication*

The definition of goals for administrative action is only the first step in the process by which management provides direction to an organization. The second step is that of communicating this purpose to the entire group whose action is to be guided accordingly. More and more in recent years students of organization have come to realize that communication is one of the crucial elements in administrative behavior.

The problem of communication is the problem of understanding. Chester Barnard has written: "A communication that cannot be understood can have no authority."[1] Ordway Tead has put it somewhat differently in declaring that "the underlying aim of communication is a meeting of minds on common issues."[2] Writing about the same problem as it arises in industrial organization, Peter Drucker has defined communication as "the ability of the various functional groups within the enterprise to understand each other and each other's functions and concerns."[3] Drucker has gone on to say that information is not the problem; information can be provided in carload lots to the supervisors and employees of a large organization. Indeed, the larger the organization the more elaborate and extensive usually are the organs for dispensing information. But the essence of communication, Drucker insists, is the ability and willingness to listen and to understand the interests and concern of people in various parts of an organization. Unless top management possesses the imagination and the knowledge to comprehend the behavior of personnel at lower levels of an administrative structure, communication is difficult to achieve.

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[1] Chester I. Barnard, *The Functions of the Executive* (Cambridge, Mass.: Harvard University Press, 1938), p. 165.

[2] Ordway Tead, *The Art of Administration* (New York: McGraw-Hill, 1951), pp. 185–186.

[3] Peter F. Drucker, *The New Society* (New York: Harper, 1949), p. 191.

The Complexities of Language

Unquestionably the art of communication is greatly complicated by the deficiencies of language. Most communication is verbal. It relies upon the "tyranny of words," whether written or spoken. And words, as most of us discover sooner or later, are very poor vessels for containing our thoughts and intentions. Many persons never master the use of clear, effective language in presenting their ideas. In consequence, it is often difficult for them to communicate to others. We have no choice but to make the best use of language of which each of us as individuals is capable. But the results are frequently disappointing, and it is well to give constant attention to the effort to improve the quality of our communication one with another. [4] It is this deficiency in ability to express purpose and concern which is one of the great obstacles to effective communication.

The following passage from a Forest Service manual has been cited as a good illustration of bureaucratic jargon, of "officialese" or "gobbledygook" as it has sometimes been called: [5]

> When the separation of a permanent employee is necessary because of misconduct or inefficiency which does not justify his dismissal, if he is willing to resign, he should be informed in writing of the respects in which he is deficient, and at the same time that before final action is taken he is entitled under the law to have charges preferred against him and an opportunity to answer them; that without prejudgment of the case the usual course of charges and answer will be pursued if he so prefers, but that, in view of his previous record, if his resignation is voluntarily tendered, its acceptance by the Secretary will be recommended; that on the other hand, if he prefers not to resign he will not be prejudiced thereby; that a recommendation will be made to the Secretary that formal charges be preferred against him; and that if this recommendation is approved and such action taken, he will have an opportunity to submit a full answer to that charge, the answer being considered on its merits by the Secretary before a conclusion is reached.

As a competent analyst has pointed out, what is wrong with this kind of language is that it is "overexact, overabstract, and overimpersonal." [6] A nice simple statement such as "I love you" would never do in an official communication. It would become, as Rudolf Flesch has translated it, something like this: "Complete assurance of maximum affection is hereby implied." Only when officials become self-conscious about their instructions and make a determined effort to improve them can the limitations of language be at least partly overcome.

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[4] Cf. Rudolf Flesch, *The Art of Plain Talk* (New York: Harper, 1946).

[5] Quoted in Rudolf Flesch, "More about Gobbledygook," *Public Administration Review*, vol. 5 (Summer, 1945), p. 241.

[6] *Ibid.*, p. 242.

One or two rules of ordinary good English can also be used in administrative communication. These are: (1) Use short sentences with a minimum of qualifying phrases and clauses; (2) eliminate too many "big" words with long prefixes and suffixes; and (3) use a more personal style. In order to carry out these rules the writer of an official communication must use active verbs, avoid repetition, stress the rule rather than the exception, and shun negative statements. Mr. Flesch has illustrated the employment of these precepts by suggesting that the Forest Service manual might start like this:[7]

> Suppose one of the permanent employees behaves or works so badly that he has to leave the Department, but you have no grounds for dismissing him. Here is what you do:
>
> First ask him whether he wants to resign. If he does, write him a letter. . . .

A Two-way Flow

Some administrators fall into the error of believing that communication is a one-way matter, that it consists of receiving instructions from above and of passing them along below. This is far from the case. Communication is a two-way flow of instruction and information. Indeed, it is no exaggeration to say that the flow of information upward is the more important. For purely technical reasons it is essential for management at high levels to know the conditions and situation which confront those who are expected to carry out its instructions. David Lloyd George, Prime Minister of Great Britain during World War I, was bitter in his comments about the conduct of the Chief of the Imperial General Staff and the Commander-in-Chief of the British Expeditionary Force. He charged, for example, that the Passchendaele failure of 1917 occurred in part because the officers in general headquarters knew nothing about the actual fighting conditions at the front in the mud.[8] It is inexcusable for top management in any enterprise to be ignorant of the actual conditions which confront subordinate officials in the execution of their instructions. Unless information flows back constantly to top management, and unless top management understands the nature of that information, communication does not take place.

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[7] *Ibid.*, p. 244.

[8] Lloyd George's extensive comments about the Passchendaele offensive of 1917 have become a classic in the literature of civilian-military relations on matters of military strategy. Even with allowances for the bitterness with which he attacks his two principal military advisers, he has much to say of great interest to any student of management. See the *War Memoirs of David Lloyd George* (Boston: Little, Brown, 1933), especially vol. IV.

In military operations "intelligence" is regarded as one of the most important and specialized functions of command. Upon such information most tactical orders are based. And the determination of strategic objectives depends in good part upon accurate assessment of information about the enemy. The flow of battle intelligence from front line to command post to headquarters is just as important as the flow of orders downward. No communications system in its broader sense can be any better than the information which precedes the command.

Communication means shared understanding of a shared purpose. The flow of information from subordinate officials is important in enabling top management to determine whether communication has actually been achieved. In the official investigation of our military disaster suffered at Pearl Harbor on Dec. 7, 1941, it emerged that a failure of communication was largely responsible for the lack of adequate preparation to meet the Japanese attack. The final report of the inquiry states: "The simple fact is that the dispatches were not properly interpreted."[9] Washington headquarters believed that the Army and Navy commands in Hawaii had been properly alerted to the possibility of attack and did not realize from the return acknowledgments that the instructions had not been fully complied with. Responsible officers in the field and in Washington were subsequently relieved from their administrative positions because of this failure in adequate communication.

An important factor in communication is common experience. One argument for the proposition that top administrators should come "up the line" of hierarchical duties is the capacity such experience presumably provides for understanding the motivation and circumstances of those to whom instructions are given and from whom information must be received. It is debatable whether common experience is necessary in order to give rise to similar ideas and attitudes, but there has been a long-continued assumption that this is so. Probably deficiencies of experience within an organization can be adequately compensated by a real endeavor to learn about the nature of the work and about the people who perform it. But this means positive measures to strengthen the flow of information upward and to learn from personal, firsthand contact what the various groups of an agency are doing and what they are thinking.

[9] *Report of the Joint Committee on the Investigation of the Pearl Harbor Attack,* 79th Cong., S. Doc. 244, 1946, p. 255.

Human Relations Aspects of Communication

Obviously communication depends upon a will or desire to communicate. There are persons in high places in some organizations who assume the attitude that they know all there is to know. They are not interested in what others have to tell them. Such persons often assume further that the less others know about the operation the better. This paternalistic attitude of "papa knows best" and "what others don't know won't hurt them" is commonly found. As a result such administrators make a minimum effort to communicate with others. They give instructions and expect unquestioning compliance. They believe that administration is not a cooperative group effort but merely a machine whose parts can function with little or no comprehension of the whole. When sentiments such as these motivate management, communication does not exist in an organization. There is no will to communicate.

Moreover, this lack of a desire to achieve mutual understanding may occur at lower levels of an organization. Subordinate officials may feel that their superiors are not interested in their work, or they may even have ulterior motives for concealing their actions from the "boss." Top management can overcome this kind of attitude only by strenuous efforts, sometimes including a change in personnel.

Another situation which may arise is that of an official reporting only information he believes his superiors will want to hear. Some administrators are fearful about reporting a mistake, or of conveying an accurate impression of the real situation they confront. They think that any difficulty they face may be an indication of personal incapacity, or they learn from experience that the boss wants to hear only good news. It is not easy to tell a person of great power and influence the truth unless you are certain that he wants to know it whatever the consequences. As a subordinate once remarked to the Roman emperor Hadrian, "Sire, who am I to disagree with the master of thirty legions?" If an administrator wants unedited information and reactions from his associates and his subordinates, he must encourage them by positive means to tell him the full truth as they understand it. This is usually one of the hardest lessons for an administrator to learn. Sycophancy is an age-old disease in human organizations where a few persons wield great power over the lives and fortunes of others.

Another barrier to effective communication arises out of differences in perception of a problem. This also was well illustrated in the Pearl

Harbor disaster. The local commanders in Hawaii thought that the danger against which they should be on guard was sabotage. The islands have had a mixed population drawn from many areas of the Pacific, and some of the Japanese living there were suspected of working with the Imperial government. The fear of sabotage was a long-standing one in the Hawaiian Islands. With the collapse of our diplomatic relations with Japan, American officials were sure there would be a violent upsurge of local dissident groups, and they had taken a number of precautions against this possibility. This, however, proved to be an entirely erroneous conception of the danger. The warning the Washington headquarters of the Army and Navy were trying to convey was the danger not of sabotage but of direct military attack. Washington knew of the presence of a large Japanese naval force in Pacific waters and was certain it was about to attack. Washington did not know the intended target but suspected the objective would be Hong Kong or Malaya. Here they were wrong. But the main fact was that the local conception of the danger was very different from the headquarters conception, and yet this difference was not clearly understood.

Local situations such as that in the Hawaiian Islands may lead local administrators to have a very different idea about the nature of a problem from that which other offices have. These differences are often quite important. They may also be well founded. A large organization with duties covering the United States as a whole must understand geographical differences. There are substantial variations in local temperament, tradition, and resources within the United States. These must be fully appreciated if effective communication between central offices and field offices is to take place. When Americans take on administrative activities overseas, then the differences in outlook and tradition become a major factor indeed. Communication in large measure must depend upon the extent to which headquarters and field personnel understand these differences and make positive efforts to accommodate them.

There is yet another factor in the human relations of communication. Barnard has listed among the requirements for administrative performance that "channels of communication should be definitely known," that a "definite channel of communication should exist to every member in an organization," that the "line of communication should be as direct or as short as possible," and that the regular channels of communication should ordinarily be used.[10] These admonitions emphasize the importance of having an expected and accustomed system of communications within an organization.

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[10] Barnard, *op. cit.*, pp. 175–180.

It is oversimplification to say of a complex organization, as we shall mention later, that every person should have one and only one supervisor. In practice there are usually two different forms of supervision—specialized and administrative. But unless this factor is understood—unless organizational structure and the practices of supervision are clearly defined—it is difficult to achieve effective communication. Individuals in group relationships become accustomed to certain forms of behavior. They expect to receive instructions from certain designated persons. They build up a pattern of response to the usual practices of communication. There are dangers then in trying to "short-cut" this regular system. Of course, the organizational structure and the personalities who provide the anatomy and the blood stream of communication may be altered from time to time, but unless such a change is carefully prepared, there will be an interruption in the flow of communication. During the period that an organization adjusts to new personalities, communication almost always suffers.

Like so many aspects of administration, communication is a matter of people working together. Hence the people involved must understand the regular system of communication if they are to accord it the recognition it requires. The structure of a communication system cannot be hastily devised or casually interrupted if it is to meet the needs of the group.

Finally, we must note the existence of "informal" communication within any large organization.[11] Rumor and gossip are rampant in most social groups. Administrative organizations are no exception. One of the dangers in an attitude of management secrecy or paternalism is the encouragement it gives to rumor. In the absence of official information about management desires and intentions, all kinds of unofficial stories are bound to circulate. Most individuals working in an organization identify their personal welfare with that of the organization. They naturally experience a certain anxiety about their collective welfare and want some reassurance from time to time about the endeavor as a whole as well as their own part in it. A system of communication is important, therefore, in conveying definite instructions and information about the work of the organization. The only answer to gossip is fact. The more there is of formal communication, the less there will be of the informal type.

To be sure, it is only fair to say that not all informal communica-

[11] Herbert A. Simon in his *Administrative Behavior* (New York: Macmillan, 1947) stresses this aspect of communication, pp. 160–162.

cation is of the rumor or gossip variety. It is customary for persons working in organizations to become particularly friendly with certain other persons in the group. Past association, common professional background, family, and other social contact—all these will bring a person in closer touch with some members of an organization than with others. A great deal of informal communication takes place through these unofficial channels. One man receives an order which seems to him ill-advised or unclear. He may seek official reconsideration or explanation through the normal channels of communication. But more often a regional administrator or some other management official will use informal contacts in such a situation. He writes a letter to "Joe" whom he knows in the central office, or he calls him on the telephone. He explains why the order does not fit his circumstances, or he asks what it means. This kind of informal or personal communication is useful in large organizations and certainly should not be discouraged. But there is danger in this informal practice; it can lead to modifications in instructions upon the initiative of one or two persons in an organization without others knowing about the change. The more effective the efforts at full communication of information and instruction between various elements of an organization, the less need will arise for informal channels of communication.

We must assume that those who work together in an organizational enterprise will have greater loyalty to their group, greater enthusiasm for their work, and a greater incentive for accomplishment if they understand both the objectives they seek and the circumstances they confront. Management seeks to achieve this shared understanding of a shared purpose by the upward flow of information which it utilizes and by the downward flow of instructions announcing management intentions. To the extent that the communications system is effective, it will enable an organization to achieve its ends through common understanding of them.

The Major Elements of a Communications System[12]

A communications system has five major elements. The first of these is a *communicator,* the sender, speaker, issuer, or suggester of a communication. Ordinarily, the communicator in a government organization will be management: the administrator and his assistants. In military command all orders and instructions are issued in the name of the commander, even when prepared by a staff member and never actually seen by the commanding general himself. There is much to be said for this practice. It preserves the appearance of single purpose and direction in a large organization, and when accompanied by a proper clearance practice it prevents the issuance of conflicting instructions. Certainly it seems desirable to have all communications properly authenticated so that there can be no doubt as to source or validity.

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[12] In writing this part of this chapter, the author has relied heavily upon Charles E. Redfield, *Communication in Management* (Chicago: The University of Chicago Press, 1953).

The second element is a *transmission procedure*. There are various media for communicating messages in an organization, as we shall note later. But it is desirable to have a more or less routinized system for transmitting messages in order to ensure proper delivery and distribution. Many offices have an official message center through which all but more or less personal correspondence passes. This message center may be routine in operation, transmitting all messages received, or it may have certain review and clearance functions as well. Some central point for examining the content of instructions as they go out from an office is quite useful. Ordinarily, it is good staff work for a specialist in a large management group to clear the instructions he prepares with all his fellow specialists who may have an interest in the subject. But sometimes because of haste or for other reasons this is not done. A central point of review can ensure adequate clearance of instructions, can identify matters which the administrator or his deputy ought personally to see, and can check for compliance with general policy on the issuance of instructions. A transmission center, of course, exercises control over certain media of communication, such as teletype, wire, radio, and mail.

The third element is the *form* of the communication: an order, regulation, manual, letter, report, circular, ruling, or other designation. It is not unusual for an agency to have a variety of forms of communication. Sometimes the variety is so great it becomes meaningless. Usually, forms of communication fall into three primary types. One is the official rule or regulation which governs an agency's relations with its clientele. These rules and regulations fix the general practices each office of an organization is expected to enforce. A postal rule fixes the price to be charged for various types of mail or how mail is to be classified. A public-health regulation fixes the standards to be enforced by milk inspection. These rules and regulations must be known to all the employees of an agency if they are to carry them out. Second, there are various orders, circulars, manuals, and official letters which prescribe internal organization and procedures. These are the operating instructions of administration. Third, there are the various informational media—the house organ, the training handbook, the periodic report, and other devices which are intended to convey the general tone of management. Each of these forms of communication serves as a stimulus to achieve desired administrative behavior.

The fourth element is the *recipient*. It is not always easy in a large organization to determine who should receive what communications. The usual answer is likely to fall at the extremes of too few or too many. The ready solution is to say that every communication should go to all whose behavior is to be affected by the instruction. Yet the number of these is not readily apparent. To solve the problem by restrictive distribution is to run the risk of communicating with too few. To distribute communications widely is expensive and overwhelms many persons with materials that do not interest them. Management must give constant attention to its distribution practice in order to ensure that all who need instructions and information obtain them.

Distribution of communications in the public service has been complicated further in recent years as a result of our growing concern about internal security. We know that foreign nations, especially Russia, have maintained and probably continue to operate an elaborate espionage network in this country. Even when we are not at war, we are eager to preserve secrecy about many phases of administrative work, as within the Department of State, the national military establishment, the Atomic Energy Commission, the investigative agencies, and others. Many documents are therefore classified, and distribution is limited in order to reduce the danger that unauthorized disclosures may be made to foreign governments. But the practice may also prevent many persons in an organization from having access to information they could well use in the course of their work. This particular difficulty simply has to be borne in the interests of national security.

The fifth and last element in a communications system is the *desired response*. Sometimes formal replies or reports are required as evidence of compliance with instructions. This is a part of supervisory practice and will be mentioned further in the next chapter. But unless some definite effort is made to determine whether instructions have influenced administrative behavior, the effectiveness of a communications system cannot be evaluated. Moreover, the response of the recipient of a communication begins the upward flow of necessary information in an organizational structure which is part of the two-way flow of the system.

Essentials of Communication

It may be worthwhile briefly to mention some of the essentials in the content of communications which help to make them understood. Obviously it is desirable for all communications to be clearly stated. The reason for the decision, the desired mode of behavior, and the time element involved should all be so expressed as to convey precise information to the recipient. It is this standard of clarity which is most regularly violated in administrative communication.

Second, communications usually should be consistent with the expectations of the recipient. They should express what the recipient by virtue of past experience and advanced information believes he will be told to do. Certainly in the case of clear-cut and definite orders, the possibility of acceptance and performance is ordinarily improved if some preparation precedes the communication itself. There are occasions when abrupt changes are necessary, but these are difficult to make unless change itself is expected.

Third, it is desirable for communications to be adequate. They must convey enough information to stimulate the desired reaction but not overwhelm the recipient. Most administrative organizations, as we have said, have far too large a volume of communications. The volume itself becomes self-defeating; it makes communication inadequate by sheer bulk. In the field of mass communication repetition is thought to be helpful. This is certainly not necessarily so in the field of administrative communication. Some interpretation and explanation of official instructions are required in many administrative situations, but here again adequacy is a standard which prescribes limits to the desirable volume.

In the fourth place, communications must be timely. They must be received in sufficient time to permit the desired action. There is little point in conveying obsolete information, and there is little use in reporting historical events unless it is desired to draw lessons from past experience or to base future expectations upon past achievement. There is little point either in conveying instructions long in advance of desired action, since this may be a disruptive force in current operations. Keeping instructions up to a date is another time element which complicates communication. Often instructions become quickly outdated, but when changes are made too often the volume again is self-defeating. The author has known many agencies which tried to keep procedural instructions up to date by amendments, often issued in loose-leaf form. These are apt to be lost or separated from the regular material. Much more needs to be done to learn how to achieve timeliness in official instructions. Timing is therefore a crucial factor in communications and one which management learns with experience to handle carefully.

Fifth, communications should be uniform in nature for all who are expected to behave in a similar way. Discrimination in the amount of information and in the character of the instructions conveyed suggests favoritism or special privilege. Uniform behavior can be anticipated only in the event of uniform instructions.

In the sixth place, communications should be flexible. There is a strong tendency in most large organizations to prescribe desired behavior of field offices in too much detail, leaving little if any discretion for the local administrator. In time, top management usually learns that it is preferable to communicate broad purpose and general intent to subordinates and to leave a good deal of judgment to the individual. Of course, there are certain matters in government administration which must be handled in a commonly prescribed manner. Accounting practices, personnel compensation and procedures, the purchase and storage of supplies, transportation movement—all these and other activities are likely to be subject to fairly standardized procedures. Little flexibility can therefore be permitted. This is one of the difficulties with which public management must cope. But to the extent possible, communications tend to be more effective if they are not too exacting in their detail and allow for adaptability to peculiar circumstances.

Finally, communications should stimulate acceptance. We have previously noted that the fine art of decision making consists of issuing only orders which will be obeyed. Communication as the technique of conveying such decisions must therefore suggest acceptability. This is done in a variety of ways—by referring to previous agreements or understandings or by calling attention to the new circumstances which require new action.

All these essentials of communication help to achieve a shared understanding of shared purpose. To fail in observing these standards will usually result in a breakdown of the whole communications process.

The Media of Communications

The media of communication may be grouped into three major types: audial, visual, and audio-visual. The conference, the inspection trip, the interview—these are face-to-face media of audial communication. The telephone, the radio, the intercommunication system, and the public-address system also provide means of audial communication. The more common media are visual, especially written communications such as printed or reproduced orders, circulars, manuals, bulletins, forms, newsletters, and reports. But the visual media include pictorial forms as well, such as pictures, photographs, maps, diagrams, posters, cartoons, charts, filmstrips, and silent motion pictures. There are also symbolic media of pictorial communication such as flags, insignia, and lights. In the third place, there are now increasing means of audio-visual communication, such as the sound motion picture, television, and personal demonstration.

Each of these media has its usefulness. Each also has its peculiar advantages and disadvantages. By experimentation management learns what media are more effective for certain purposes than others. In many large organizations, moreover, management may have specialists who help in deciding what media to use for what purposes. On other occasions outside consultants may be brought in to evaluate the media employed in the past or to help improve their utilization in the future.

Certainly one guide for desirable management practice is the standard of diversity. Too often management thinks that one particular medium is the only possible one, and more effective media are ignored. With the wide variety of means of communication available to management today, some diversity in practice is desirable. Moreover, research in the field is tending to demonstrate that increased use of visual and audio-visual media increases the effectiveness of communication.

On the other hand, in the public service there are limitations of expense and propriety which must circumscribe the use of various media of communications. Our concern here is with internal communication, not with public relations. Nonetheless, legislative members, newspaper editors and publishers, and others are always concerned about extensive use of media of communication by administrative officials. Legislators fear attempts to exert a good deal of pressure upon themselves, they are suspicious of attempts to aggrandize the status of the chief executive with a corresponding diminution in their own prestige, and they expect any top public-administration official to have political ambitions which he will try to advance in every way possible. Then of course there is always the matter of expense. The use of visual and audio-visual means of communication is expensive and for this reason is likely to provoke criticism.

During World War II the Armed Forces had so much money available for expenditure that it was possible to make use of practically every means of communication except television in carrying on their work. Training manuals; training films; informational pamphlets, posters, and films; demonstrational devices of all kinds—all these were employed for internal communication. At one time a group of Congressmen were disposed to criticize a series of films entitled "Why We Fight" made to inform the soldier about the origins and trend of the war. The charge was voiced that the films were made for propaganda purposes to help reelect President Roosevelt in 1944. The criticism was properly answered and the films continued to be used. But war experience indicated that only under the most favorable circumstances of sizable appropriations and crisis psychology does management in the public service have extensive discretion to use all available media for purposes of internal communication.

Staff Conferences

Because they are so important and common a means of internal communication, and because they are usually so mishandled, staff conferences deserve special mention. In so far as the internal activities of management are concerned, there are two general types of conferences. There is the staff conference which brings together the administrator and his top-management associates and advisers. This we may refer to as the "management conference." In the second place, there is the staff conference which brings together the top operating officials of an organization. In the public service this would usually be a conference of the department head with his bureau chiefs, and of the bureau chief with his division heads or regional directors. Such a staff conference we might call an "operating conference."

Conferences may be informal or formal. The usual difference is that an informal staff conference meets on irregular occasions whenever summoned by the administrator and does not have any fixed participation. The administrator or an associate simply calls together those persons in the management group who are concerned with a particular problem. They meet as often and as long as is necessary to resolve the question at hand. Or an administrator may call one or more operating subordinates into conference to go over some special matter. Such informal conferences of administrative staff are frequent in the management process. They are a part of the everyday workings of management.

It is the formal conference device which requires special attention and consideration. The formal conference has a more or less fixed membership and it is expected to meet with some degree of regularity—once a week, once a month, or at some other arranged time. The successful use of the formal-conference device depends in part upon decisions about membership and periodicity of meeting. But an answer to these questions depends upon the more basic matter of purpose of the staff conference.

A good deal of thought in recent years has been given to the problems of group meetings. Various formulations have been made of the conditions required for successful use of the conference technique of communication. For example, it has been suggested that conferences have three basic uses: (1) to gain awareness of a problem, (2) to help in problem solving where it is desirable to explore different points of view and to reveal the extent of these differences, and (3) to gain acceptance and execution of a decision by explaining purpose and answering questions.[13] Conferences may also be used to help promote a sense of unity among the management group at a particular level of the hierarchy, or among the various operating officials. Sometimes conferences are helpful in appraising personnel.[14] They are useful, too, in encouraging an exchange of information among administrative personnel. It may require a periodic formal conference in order to encourage a great deal of informal relationship which will ordinarily go on about the fringes and at the social occasions of a two- or three-day conference.

These observations about the nature and purpose of a conference suggest certain conclusions about their use. Furthermore, the author draws here upon his own experience in the Army in handling staff and regional conferences for the Army Service Forces.

First of all, a general, formal conference bringing together all chief management officials or all major operating officials on a regular periodic basis should be held only at infrequent intervals. In the Army conferences were held for all regional commanders once every six months; this proved often enough even in the midst of the pressures and changes of war. Headquarters staff conferences were held twice a month and might well have been reduced to once a month. When a number of people are brought together on a periodic basis, they have an interest only in *general* matters. Therefore the discussion must be kept on a general level. General matters do not arise with such frequency and regularity that general conferences are needed on a stated basis once a week or according to some similar schedule.

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[13] Martin Kriesberg and Harold Guetzkow, "The Use of Conferences in the Administrative Process," *Public Administration Review*, vol. 10 (Spring, 1950), p. 93.

[14] Cf. John R. Campbell, Jr., "The Twain Do Meet," *Public Administration Review*, vol. 7 (Summer, 1947), p. 204.

In the second place, informal conferences on a specific matter should be held as often as there is a problem to meet, but the participation should be confined to those officials with a direct and immediate interest in the problem. Indeed, conferences are usually most successful when there is some very specific problem to be met and a solution is urgently needed.

In the third place, a conference must be carefully managed. This means that the administrator who presides must keep the discussion on the subject, must refrain from dominating the discussion, must sense when agreement is reached and further talk is wasteful, and must be decisive. A well-managed conference means further a competent secretariat to arrange all the details of the meeting, record the agreements reached, and follow up on necessary action afterward. A conference should have an agenda prepared in advance if the participants are not otherwise advised of the purpose of the meeting. Any documentary materials necessary to the discussion should also be distributed in advance. Certainly an agenda is necessary for the chairman to use when a meeting actually gets under way. Minutes ought to be distributed afterward. Whether or not there should be a verbatim record of a conference depends upon its importance. Many discussions tend to become repetitious and a full record is then verbose rather than pointed to major ideas and decisions. But even a skillful summarizer of a conference discussion may lose key phrasing of a problem or a decision without a full record.

Participation in a conference is always a troublesome issue. When a specific matter is up for consideration, any group which numbers much above twenty persons cannot carry on a very effective discussion. On the other hand, a top operating official with authority over an extensive operation cannot know all the details about a particular subject. He needs the presence of a few key associates who are specialists in the matter under discussion. Yet if an official is permitted to bring too many of his aides, a conference may collapse from sheer numbers.

At formal conferences on a periodic basis it is often useful to bring a larger number of people together. Little discussion is then possible, and formal speech making becomes the usual procedure. Yet these large gatherings, if not too often repeated, have their usefulness in communicating broad, general purposes.

Much that has been said here about conferences is also applicable to committees.[15] It is impossible for an administrator in a large organization to operate without internal advisory committees. Again, it is useful to have only a minimum number of standing committees which meet at only infrequent, stated intervals in the absence of some special problem requiring their attention. Special or *ad hoc* committees are useful for exploring specific problems and for recommending solutions, but such committees should have a fixed life and come to an end upon completion of their assigned task.

Summary

Communication is the blood stream of administrative organization. Management must constantly strive to improve the communications process as a means of ensuring a common understanding of organizational purpose. Decisions which cannot be translated into action through effective communication are scarcely decisions at all. Management must accordingly be concerned constantly to ensure that its communications process with its various media actually achieve a shared understanding of shared purpose.

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[15] On committees in general two little books are helpful, one by L. Urwick, *Committees in Organisation* (undated, reprint of an article); and Harleigh B. Trecker, *Group Process in Administration* (New York: The Woman's Press of the National Board of the Young Women's Christian Associations, 1946).

CHAPTER 5 *Supervision*

In the process of providing direction to the work of an administrative agency, planning is one step and communication of purpose is another. In time sequence the third step is supervision, the observation of results.[1] Supervision entails two primary purposes. One is to achieve coordination among the component parts of an agency. Since broad program goals are usually divided in operation among several different units of an organization, management must make certain that the parts proceed in concerted and harmonious adjustment one with the other. The second purpose is to ensure that each unit of an agency accomplishes the task each has been assigned. These two ends are promoted by a system or process of management supervision.

At the outset of this discussion it is important to draw a distinction between what we may label "substantive supervision" and "technical supervision." Our concern in this chapter is with supervision of the substance of administrative operations, with supervision of the end product which an organization exists to achieve. In a later chapter we shall be concerned with supervision designed to improve the methods by which work is done. This is what we mean by "technical supervision." *Dual supervision* is characteristic of all large-scale government enterprises. Management has a dual concern to make sure that the basic purposes of the enterprise are accomplished, and second to make sure that these purposes are accomplished *efficiently*. Necessarily, this dual interest is closely intertwined in administrative operations. At the moment we are concerned with the techniques by which management exercises supervision over the substance of administrative operations, over the end purposes of administrative endeavor.

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[1] The same thought has been expressed in these words by an eminent French industrialist interested in management techniques: "To prepare the operations is to *plan* and *organize;* to see that they are carried out is to *command* and *coordinate;* to watch the results is to *control.*" Henri Fayol, "The Administrative Theory in the State," in Luther H. Gulick and L. Urwick, eds., *Papers on the Science of Administration* (New York: Institute of Public Administration, 1937), p. 103.

There are a number of common techniques by which management at one particular level of an organization may check upon the performance of subordinate units. These common practices may be employed in many different agencies performing a wide variety of work, from public-health service or primary and secondary education to the collection of taxes or the conduct of foreign relations. There may of course be peculiar and individual techniques of supervision which are appropriate only to a particular kind of government service, but in government agencies there are certain techniques which are commonly used.

THE TECHNIQUES OF SUPERVISION

There are at least six practices or methods which may be systematically employed in supervising the substantive work of an administrative agency. These are: (1) prior approval of individual projects before initiation by an operating unit, (2) the promulgation of service standards, (3) budgetary limitation upon the magnitude of operations, (4) approval of key subordinate personnel, (5) a reporting system on work progress, and (6) inspection of results.

Prior Approval of Projects

In many kinds of work it is feasible to operate on a project basis within the broad framework of general purpose. This is true of public works activities, of investigative or police activities, of research work, and of many other forms of public activity. The broad planning of a river basin entails several different objectives and many individual work programs. Within these general purposes there are individual projects, such as development of recreational facilities at some particular reservoir, the reforestation of a certain section or area of land, the elimination of a special source of water contamination, and many other items. In the Work Projects Administration of the 1930's, the Federal government agency for providing employment to persons on public relief, there were many individual park, sewer, road, office work, milk distribution, and other projects which local units operated in order to afford the desired levels of employment. In any great research enterprise there are many individual phases or projects; thus one aspect of the development of the atomic bomb is experimentation with one process as against another of extracting uranium or of initiating a chain reaction.

One might multiply the examples endlessly. It is clear that many types of government work involve the exercise of a good deal of operating initiative in deciding exactly what to do within the limits of broadly planned objectives. Much of this discretion may be expressed in terms of specific projects to be undertaken as a means of accomplishing the general goals of an agency. Top management may leave the approval of these projects to subordinate operating officials; or top management may decide that before a subordinate bureau or a field office starts some particular project within the over-all plans and instructions previously communicated, it desires to approve individual projects. When this second step is taken, management sets up the supervisory technique known as "prior approval of individual projects." Then the operating unit is not usually authorized to proceed with the work until the project has itself been approved.

There are a number of reasons for requiring this prior approval of individual projects. In this way the approving level is able to obtain detailed information about the intentions of the operating unit. Management thus learns how the general plans have been interpreted and how it is proposed to carry them out. If there is some misunderstanding, it can be corrected before work is actually begun. If the general plans are inadequate to meet particular situations, modifications can be effected by approving the individual project. If instructions have not made clear the priorities and emphasis which top management wishes observed, the approval technique may be used to right the balance. Moreover, instructions can be less detailed when a central office knows that it will have an opportunity to comment about specific activities before they are undertaken. In addition, some top-management personnel believe that they cannot formulate their intentions in advance with sufficient definition to meet the situations they are concerned to have handled in a particular way. Hence they prefer to develop policy and objectives as they go along, on a case-by-case basis. In order to do this top management must approve actual work projects before they are started.

There are, of course, disadvantages to this approval process. It is time-consuming and may simply interpose delays in getting work under way. It may result in such a mass of paper work in the central office that there is no time or personnel to think about major problems; everyone becomes absorbed in reviewing projects. Moreover, the volume may become such that actual approval in the central office falls to a number of junior officials none of whom have had the experience or know-how of operating officials. This situation may well lead to personality clashes between operating heads and top management.

The review process may require a large staff and so increase personnel in a central office. Finally, the requirement of prior approval of projects suggests that top management lacks confidence in its ability to communicate general intentions to operating officials or distrusts their competence and loyalty.

Sometimes these disadvantages are mitigated by delegating authority to approve projects up to a certain limit to operating heads. Above that size top-management approval may be required. Thus, for example, during the war for a time local contracting officers purchasing military supplies might enter into contracts up to an amount of 1 million dollars, but contracts above that amount required central office approval. Sometimes top management may impose the requirement of central approval in order to curtail government action. After 1943 the War Department ordered that no procurement bureau could enter into a contract to build a new industrial plant without prior approval, because the department desired to reduce all new construction to a minimum and to facilitate the fullest possible utilization of all available industrial facilities in producing military supplies.

Top management has to decide between these conflicting interests in setting up its supervisory system. At one time when an organization is new and just getting under way, project approval may be required. Then as an operation proceeds and as the central office gains confidence in the operating units, the requirement may be partially or completely relaxed. When there is a large volume of work and speed is essential, central approval of projects may be undesirable. Or approval may be more or less routine, the requirement being instituted or retained simply as a means of impressing the seriousness of its responsibility upon the operating office. On the other hand, when the volume of operations is small, and the top-management intention is to contract the work load even further, then the requirement of central office approval may be introduced and carefully enforced.

An interesting contrast in administrative attitudes about supervisory techniques occurred in the procurement operations of the War and Navy Departments during World War II. In the War Department the top staff developed detailed procurement regulations which set forth general policies on pricing and on letting of contracts which were to govern the actual purchasing operations of eight procurement bureaus. But the legal adviser and the other staff officers setting purchasing policy were not interested in reviewing all contracts before they were signed, nor did they feel that this action was necessary in order to ensure observance of the procurement regulations. On the other hand, the Office of the General Counsel in the Navy and another office concerned with supervising procurement operations decided that they wished to review every contract before it was signed by one of the seven procurement bureaus. In actual practice this meant that one or more persons from the top-management staff actually participated in the process of negotiating contracts so that when the time came for approval, the review was expedited.

It is not easy to say which one of these methods resulted in more general compliance with top-management policy and instructions on purchasing. The much smaller number of large contracts let by the Navy probably made the Navy system feasible for that department, and the larger number of contracts let by the War Department probably made its method necessary under wartime conditions. Certainly the top-management staff of the War Department never sensed that its supervisory duties had been impaired because it did not actually approve individual contracts before they were signed.

Service Standards

As a second technique of supervision, top management may establish certain standards as targets for the proper performance of the work of an agency. This is a method of guiding and of evaluating the quality of administrative work. The service standard becomes a means for determining how effectively an operating agency is doing the job assigned to it.[2]

During World War II the Army Service Forces, the supply and service command of the War Department, introduced a system which it termed "service control," or what we have here termed "service standards." This system set forth "service objectives" to guide operating agencies in the performance of their duties. For example, the purchasing offices were given from 10 to 20 *days* in which to prepare all papers for payment of supplies after date of delivery. The disbursing officers were given from 24 to 48 *hours* in which to pay supply bills after receipt of the correct voucher from the procuring office. Maintenance shops were given from 1 to 3 days in which to repair all wheeled vehicles. Where overhaul of heavy-duty trucks was involved, the service standard was from 3 to 14 days. Personnel stations receiving men from the Selective Service System for Army duty were given from 12 to 72 hours to complete all procedures necessary to induct a man into the Army. A disposition board at a hospital considering the return to military duty or the discharge of an officer from the service was given from 48 to 72 hours to reach a decision. Purchasing offices were given from 3 to 5 days to issue a procurement order following receipt of a procurement directive. Post exchanges were directed to fix their prices so that their profits ranged between 3.5 and 6 per cent of gross sales. Control points at ports receiving supply requisitions from troops overseas were given 1 day in which to hold the request before sending it on to the depot with instructions to ship to the port for loading. Depots were given 13 days in which to fill an overseas supply order. A time schedule of from 3 to 5 months was even fixed for the complete process of producing a training film.

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[2] Peter F. Drucker has commented about the importance of an "objective yardstick" whereby the top staff of General Motors evaluates the work performance of the operating divisions. The yardstick employed consists of two sets of measurements: (1) base pricing, which indicates economic efficiency as a producer; and (2) competitive market standing, which indicates efficiency as a seller. See *Concept of the Corporation* (New York: John Day, 1946), pp. 63–71.

Service standards are necessary in government in order to ensure that work is done promptly and properly. In any large organization there is likely to be a definite tendency to establish routines which become more important than rendering service. Only if a constant standard is set up for the performance of the work itself can the inclination to procrastination and delay be overcome.

The Post Office fixes service standards in the delivery of the mails. The Treasury Department fixes standards in the review of income-tax returns and the refund of overpayments. The Veterans Administration fixes standards in the recording of premium payments on national service life insurance. The Forest Service has certain standards for responding to a fire alert, and a local welfare office may fix standards for completing the investigation of an applicant for relief assistance.

There are very few phases of government operation which are not susceptible of definition in terms of some sort of service standard. To be sure, such standards cannot be fixed by guesswork; they must be determined in the light of experience and must be attainable in actual practice. Yet standards which do not represent best practice or desirable practice are meaningless; service standards must be a challenge by which work procedures can be constantly measured.

The service standard, moreover, informs the operating office what quality of work performance will be regarded as satisfactory. The management of the operating unit can thus know in a general way whether or not it is doing its job as expected. The standard is fairly exact and concrete; it is "objective" in nature and mitigates the personal factor in judging the quality of an operation. Standards are not self-enforcing. Compliance must usually be determined either by a reporting system or an inspection system, but standards conversely serve as useful tools in making both reports and inspections meaningful.

The determination of service standards, like most administrative practices, can be too exacting. The problem of the service standard is to locate the key elements of a job and to fix a level of performance which will help ensure the desired quality throughout an entire operation. After all, the purpose of the service standard is to encourage operating units to do their jobs properly and as promptly as possible. There is a constant struggle in the public service between doing it "right" and doing it promptly. The service standard can serve as a positive inducement to government employees to get work done without undue delay.

The Work Budget

Still a third technique in management supervision is to make budget allotments which will fix the magnitude of the work to be done by an agency in a given time period. The amount of money allotted to a road construction project determines how much work can be done in a given six- or twelve-month period. The amount of money allotted for a research project will determine in a general way how much can be done, say, in the investigation of heart disease. The amount of money allotted for repair of buildings will determine in a general way how much maintenance work can be done at a hospital.

The advantage of this technique is that it enables top management to fix certain limits to the work to be done but leaves the decision about actual operations to the operating unit. The work-budget allotment is then a method of delegating authority and of encouraging local initiative while still retaining a central control over the magnitude of the work as a whole.

In government where budgetary limitations are always a primary factor in fixing the magnitude of work to be done, the work-budget allotment is necessarily a frequently used technique for supervising the work of operating units.

Approval of Key Personnel

Another kind of supervision which a central office may exercise over a subordinate operating unit is to require that all appointments of key personnel by the operating head shall be subject to prior approval. This practice is often necessary in a particular form of organization where a field-office manager directs a variety of activities. The specialists in the central office who supervise particular phases of this field work usually want some assurance that the manager will appoint competent people to handle their special interest. The practice is to leave discretion in the hands of the field manager to select his assistants but to require that his selections be acceptable to top management.

Thus in the Army when one function, the recruitment of officer personnel from civilian life, was placed under the general direction of regional field commands, the stipulation was made that the selection of the person to head this activity in each region had to be approved by the central office staff which directed and supervised the work. In this way the central staff made sure that no one was appointed in the field to take charge of this work who did not meet its standards of competence.

In large organizations staff specialists are always concerned to ensure that those with corresponding duties at the lower operating levels are qualified to do the work as they wish it done. We might presume that no operating head would select associates who could not do their work properly. But staff specialists are not always satisfied with this kind of assurance. They want the more direct control which the requirement of top approval of key personnel affords.

In school administration, the central office may decide that no principal shall designate a head janitor in a building without central office approval. This enables the central office unit supervising building maintenance to decide whether the individual in question would be a good man to take charge of maintenance in that particular building. If the central staff thinks not, it may suggest to a principal that he consider a man working in another school. The choice is still that of the local principal, but the choice is guided to help ensure competent performance.

This kind of supervisory authority can be used helpfully to enable an entire organization to do its work better and to help achieve the personal basis of communication among various levels which is so important in carrying out an agency's purposes. In large-scale enterprise the power of approval may well be necessary in order to obtain satisfactory relationships among specialized elements of the organization. The power to approve key personnel in operating units can also be disruptive if top management is arbitrary in disregarding the preference of the operating heads.

Reports

A standard practice in supervision is to require operating units to submit periodic or special reports about their activities. These reports may be narrative or statistical; they may embrace the broad scope of all major activities, or they may be confined to a few essentials; they may emphasize achievement or deficiencies in performance.

It is important to differentiate between a system of internal management reporting and public relations. We are not concerned here with that reporting which is intended to inform public groups about the work of an agency. We are interested only in that reporting whose purpose is to inform management. This means that an internal reporting system should be devised only to provide that information which management needs to know at the time when management needs to know it. These are the two essential requirements of an adequate management reporting system.

It is not at all unusual for top-management units in an organization to set up a reporting requirement which includes much information beyond that which the particular unit needs to know for its work, or more than top management needs to know in order to determine if the operating unit is doing its job. One of the major changes desirable in many government agencies is to cut down on the volume of internal reporting. To weed out unnecessary and unused reports is one way to reduce this volume. Another way is to abandon certain reports when they are no longer useful. Often a report is requested by a top staff because it needs the information at that particular time. But the report may continue in existence long after the need for the information has ended. Only concerted and determined effort can eliminate unused and unnecessary reports.

During World War II the Army Service Forces of the War Department instituted a rigorous review of all existing reporting requirements and was able in a three-year period to eliminate upward of 3,000 different periodic reports. At the same time a central control was established which prevented any staff unit from creating a new report to be made by an operating unit without approval of the control point. Indeed, operating units were instructed not to fill out or respond to any request for information unless the request bore an official approval symbol. In this way it was possible to cut down on duplicating demands for information and sometimes even to combine requirements. It was also possible to insist that a top staff had to demonstrate to another group a real need for information before a new report could be established.

More and more internal management reporting in government agencies tends to be statistical in nature. This is so important a subject that we shall take it up in more detail below. Statistics have become a major tool in management supervision. The use of statistics depends upon an important prerequisite, that the major activities of an agency be susceptible of enumeration. If activities or the results of activities cannot be counted, then statistical reporting is impossible. Moreover, the activities to be enumerated must be meaningful.

Most statistical reporting is concerned with progress, that is, with indicating over a time period a trend in performance. Production output is usually reported on a monthly basis in order to indicate comparisons month by month in achievement. Statistics about the incidence of disease indicate to a health service whether or not it is succeeding in reducing morbidity. Statistics on fire loss may suggest the quality of both the fire-prevention and the fire-fighting service in a community over a period of time. The whole idea of improvement or achievement in various services is closely tied in with statistical evidence of progress.

But many reports are narrative rather than statistical in character. When an operating unit is asked to explain a troublesome situation or to answer some complaint about its work, the expected report will be primarily narrative in content. Moreover, the qualifying factors which underlie statistical enumeration can be indicated only in a narrative report. It is a mistake to believe that statistics have eliminated the need for the written word. Indeed, statistics simply evidence certain results; figures do not answer the questions "why" or "how." The narrative report is then a necessary supplement to the statistical report.

Much reporting effort tends to revolve around troubles and difficulties. This often creates the impression that reports are a device for belaboring harassed operating officials, for criticizing and requiring justification. To be sure, top-management personnel seldom spend time in passing out compliments. An agency which is self-satisfied is usually a poor agency. But a reporting system can be used to encourage and reward effort as well as to criticize, a factor which is often overlooked in the human relations of group effort.

Inspection

Reporting as a supervisory technique is usually supplemented by some inspection practice. In whatever form and at whatever intervals, the written report submitted by the operating unit can never adequately replace the usefulness of personal, firsthand acquaintance with the work. Indeed, the written report is not a substitute for inspection. The two are complementary practices for the same purpose: to convey information to superiors and to help supervisors obtain an understanding of the situation confronting operating officials.

The problems in creating and maintaining an effective inspection system are several. Sometimes inspection has been looked upon as a specialized management function rather than as a technique of supervision. This point of view is based primarily upon two arguments. One is that the task of making inspections at field offices calls for a special knowledge and capacity in investigating the work of these offices. Therefore, only persons with this particular ability should be assigned to such duties. Second, it is argued that unless inspection work is treated as a single function, management personnel will be descending upon operating officials in droves. The poor operating officials will be constantly entertaining "visiting firemen" or "parachute jumpers," as the traveling supervisors from headquarters staffs are often called. In order to protect the field offices, the argument goes, inspection activities should be restricted to a single staff office.

There are counterarguments which deserve equal consideration. For one thing, it is important to distinguish between inspection work and investigation work. They are quite different from each other. As we have previously noted, the purpose of inspection is to acquire information. It helps to clarify management purposes and intentions. It helps acquaint top management with the operating problems facing subordinate levels of management. It helps build personal relationships of mutual acquaintance and confidence. The purpose of investigation, on the other hand, is to inquire into some alleged or suspected incident of an abuse of management authority. It is concerned with possible wrongdoing, often of a criminal nature, such as maluse of funds, falsification of papers, discrimination against some individual or group in an agency's clientele, or similar malpractice.

There seem to be good reasons why an investigative staff, when one is necessary in a large agency, should be carefully selected and trained for just that kind of work. Criminal investigation has become a fairly well-recognized function. Many administrative agencies, when confronted with charges or suspicions of improper behavior by some of its personnel, make only sufficient inquiry to verify the need for an investigation. Then they call in appropriate law-enforcement officers to make the formal investigation. To maintain a full-time investigative staff in most individual administrative agencies appears to be wasteful and destructive of morale. It implies that top management is convinced that part of its staff will be made up of crooks and that everyone will be under constant surveillance in order to keep them on the path of proper conduct. Occasionally, a government agency may be justified in adopting this kind of attitude toward its staff. But if any large amount of malpractice does occur, it is a reflection upon the personnel practices and top leadership of the agency.

Sometimes department heads in government find themselves in a position where a large proportion of the personnel of their agency has been recruited on political recommendation. The loyalty of these employees is not ordinarily directed to the agency or the top department staff but to the local political leaders who got them a job. Under these circumstances it is easy to understand why a department head should feel the need for the personal protection afforded by an investigative staff loyal only to him. As political influences in job recruitment lessen, and as the moral standards of public officeholding rise, the need for this kind of top-management protection should diminish.

However, investigation to deter or detect wrongdoing is very different from inspection to check compliance with instructions and to advance working relationships between central office and operating units. Inspection activity is an essential part of the whole process of supervision and is an integral part of the work of any specialized group in a top-management staff. Thus, the personnel staff will inspect the personnel practices of operating offices, and the budget and accounting staff will inspect the fiscal practices. No matter how the substantive concerns of the top staff are organized, these specialists will necessarily inspect their particular phase of the work as performed by the operating officials. No one person or group of persons can be expert in all the wide range of interests which characterize the specialization of a modern top-management staff in a large agency. Hence it is almost impossible to have a single group trying to make inspections for all parts of the staff. The specialists need to know what is happening within the operating units they help to supervise, and inspection is just one of the important means they have for building up their supervisory relationships. Accordingly, there is good reason to regard inspection, not as a separate management function, but rather as an inseparable part of the entire process of supervision.

In so far as the plethora of "traveling firemen" is concerned, this is always a real management problem. But it can be handled in a variety of ways without centralizing all inspection work in one group. Travel funds in the public service are usually limited, and at best only a small amount of visiting can be done by a top-management staff. This is one very real deterrent to an excess of inspection activity. Moreover, a scheme of clearing with the deputy administrator or the executive officer of the management staff all staff intentions to visit particular offices can prevent too many persons from going to the same place at the same time. Many management staffs in government agencies have found it useful to set up a regular schedule for making inspection trips, and an excess of persons in any one place at any one time is thus avoided.

There is much debate among administrative personnel about preferable inspection practices. Should inspection be scheduled to occur at periodic intervals and should operating officials be informed in advance of an impending inspection visit? When this is done, there is the danger that special efforts will be made by the field office to put on a "good show" for the visiting "brass." Under these circumstances it is doubtful whether the top staff learns much about the everyday methods of operation. Should the same person make an inspection trip to the same place time after time? When this is done, there is the likelihood of a growing personal friendship between the top staff and the operating official which tends to diminish the possibility of critical examination of the latter's performance. Should inspections be highly formalized, with careful advance preparation and the use of systematic check lists of items to be examined? When this is done, there is the danger that inspections will become so highly routinized that many emerging problems will be overlooked. On the other hand, inspections also should be something more than casual visits for purely social purposes. Should inspections be made in groups or teams of staff experts? When this is done, there is the danger of tying up the work of all key personnel of an operating agency at the same time. Moreover, group visits tend to become formalized and to discourage close, individual contact between top-staff and operating offices at the time when specific problems arise. Yet when single individuals at different times visit an agency, they do not have the advantage of mutual discussion of impressions and problems.

Experience must answer questions of this sort for most administrative agencies. Some experimentation and varied practice for varied phases of operation may be desirable. Exercising judgment about such matters as how to make inspections purposeful and helpful is part of the job of management.

QUANTITATIVE CONTROL

The role of enumeration, of reporting the magnitude of administrative operations, has become so important a part of management today that it deserves some special words of comment. But the employment of statistics is something more than the relatively simple business of providing and using numerical information. It involves also interpretation of the meaning of quantitative data, that is, the conclusions about the inference or probabilities for future behavior which past performance suggests. More and more it is becoming apparent that the administrator of modern enterprise and the present-day student of the social sciences must acquire some understanding of statistics.

A few paragraphs cannot provide an elementary treatise in statistics, but we can outline the essential phases of the subject with which management in the public service must be familiar. On this subject, as on so many, a basic distinction must be understood at the very outset. One of the end purposes of a number of government agencies is to obtain and publish statistical data about various aspects of our society. The best known of these agencies is the Bureau of the Census in the Federal government, our greatest statistical-collecting effort. Some of the other agencies engaged in this process are the Bureau of Agricultural Economics, the Bureau of Labor Statistics, the National Office of Vital Statistics, the Bureau of Mines, and the Office of Education. In 1949 these statistical activities in the Federal government had obligations amounting to about 42 million dollars and employed over 10,000 persons. There are also a number of regulatory agencies like the Interstate Commerce Commission and the Securities and Exchange Commission which obtain much information from certain groups which is then made available to the public.[3]

We are not concerned here with the problems of fact gathering from the public or with the analysis and publication of data useful to the general public. This has been a long-recognized function of government and one of great importance to many different people. This is a substantive operation of government, one of the end purposes or functions of government service—to collect and publish statistical data. How extensive such work shall be is a basic issue of public policy. Nor can we pause here except to mention such problems as excessive distribution of questionnaires to business and others, disagreements about the analysis of data, or even the danger of statistical misrepresentation. These are all important matters, but must be considered in the context of the statistical function of government.

Our concern here is with statistical data collected within administrative agencies and used by management. Sometimes these data may be useful to others outside government, such as tax data collected by the Bureau of Internal Revenue or employment and wage data arising out of the work of the Bureau of Employment Security. Our interest centers upon data provided from within an organization and necessary to the management of an agency.

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[3] See Frederick C. Mills and Clarence D. Long, *The Statistical Agencies of the Federal Government* (New York: National Bureau of Economic Research, Inc., 1949). This is an enlarged version of a task force report submitted to and published by the Commission on Organization of the Executive Branch of the Government (1949).

A great deal of internal administrative reporting is a matter of enumeration. Field offices are expected to keep an accurate count of their work load, whether it be the number of automobiles inspected, the number of families approved for public assistance, the number of school children in attendance, the number of tanks shipped overseas, the number of visitors entering the United States, the number of tax returns filed, or the number of men enrolled in the Armed Forces. Records are kept which set down an exact count of each such instance or case, and from these records a daily, weekly, or monthly total is entered into a prescribed report form and forwarded to a higher office. These figures may be consolidated at intervening levels of management until they reach the apex of the management hierarchy. In the internal operation of government administrative agencies the use of sampling data to report the magnitude of activities is not too common. Sampling techniques have been developed in studying the distribution of incomes as reported by taxpayers to the Bureau of Internal Revenue and even in deciding what tax reports to subject to detailed review. These techniques have been used also for guiding the enforcement work of the Wage and Hour Division of the U.S. Department of Labor. But in most operations with which the author is familiar management statistics are definitely a matter of counting, not estimating. To some extent perhaps it might be worthwhile to experiment more with the possibility of sampling as a means of reporting the magnitude of current administrative activities. This is a matter for careful study.

Sampling is being used more and more, in government service as in industry, for what is known as "quality control." Here the purpose is not to determine the magnitude of operations; that may still be a matter of actual count. Rather, statistical quality control is concerned with indicating the quality of performance in some repetitive type of work, such as processing wage records, recording data on punch cards, or packing materials for shipment. In order to make sure that every item has been properly done, the supervisor may inspect each one. This is time-consuming and hence costly. If a sampling factor can be established whereby inspection of one out of six boxes of rifles packed, for example, indicates the quality of performance, then the amount of time involved in inspection is reduced and necessary corrective action can be started without examining every box. Statistical quality control has been applied in industry to such processes as production design, inspection of delivered materials, and the output of production lines. It can be equally applicable in government work to any mechanical or repetitive process. The savings realized from sampling in place of 100 per cent inspection can be substantial.[4]

We have already mentioned that the management purpose in reporting is to obtain information. This information may be needed for two reasons. One is the desire to have accurate data about work load and about progress in meeting work goals, where these latter have been expressed in quantitative terms. These data are obviously necessary in order that management may follow work performance and make such adjustments as seem desirable to equalize work or to expedite the service performed. But there is a second management use for internal operating statistics. This is the analysis which may be useful in guiding future action. Knowledge about the probabilities of future work load or about the probabilities of change in the characteristics of work done is vital to the operational planning of management.

Statistical data are of little use to management unless carefully presented. The standards of statistical presentation today are quite elaborate. In essence there are two methods of presentation, tabular and graphic. Each has certain requirements. In tabular matter, it is essential to present material with due consideration for purpose, importance, and clarity. More detailed standards govern the grouping of items for presentation, spacing, indention, headings, indication of the units of enumeration, use of footnotes, length, and use of totals.

Similarly, in graphical presentation there are a number of standards of effective use, plus choices in design, such as the curve chart (of several types), the surface chart, the column chart, the bar chart, the graphic table, the pie chart (frowned upon by many statisticians), and the map. Moreover, logarithmic charts may be used instead of scale charts when it is ratios rather than absolute amounts which one wishes to compare. The preparation of graphic material is a task for those who have acquired specialized knowledge of the subject.

Presentation is only one phase of analyzing statistical data for management use. The process of analysis begins with a determination of what data to emphasize because of major changes in work, unsatisfactory progress, changing relationships, or emerging conditions. The analyst must frequently know more than the numerical data themselves; he must undertand the basic objectives of the operation, the primary worries of top management, and the circumstances of the operating official. For this reason it has become common practice in many agencies for the statistical specialist to be a member of a group exercising general supervisory authority. The statistician, if isolated in a management organization, may satisfy his desire for special professional recognition but is apt to become a poor analyst simply because of his separation from the whole supervisory process.

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[4] Statistical quality control differs from automatic control which operates on the "feed-back" principle and which leads to stoppage or other adjustment in machine operation when the energy intake or the external environment varies beyond a prescribed condition.

Again it should be repeated that we cannot here attempt to deal with the intricacies of statistical inference or probabilities. Nor can we begin to discuss the usefulness of data when expressed in frequency distributions, or as averages, medians, and modes. These again are concepts about which every student of the social sciences and every administrative officer will do well to inform himself. Statistical enumeration and analysis have become an important part of the process of management supervision, and hence the techniques and limitations of the tool require careful understanding.[5]

COORDINATION

The process of management supervision involves more than checking upon the results of operation. It involves equally, or perhaps especially, the careful oversight of relationships among operating units to ensure harmonious collaboration. It is this phase of supervision which we may properly term "coordination." The importance of this process usually arises out of one of two situations. Sometimes the successful performance of work by one agency depends upon the performance of another. In a military command, for example, there must be careful timing between the artillery operation which lays down a barrage and the infantry operation which attacks and holds ground. So in municipal service, there is need for careful timing between the building of a public housing project and the construction of school facilities to provide educational service for the children of a new community. In the absence of proper coordination, one operating agency may undertake work assigned to another agency or may fail to do its job at the right time. Duplication of effort is wasteful and hence costly; failure to perform work when needed is also costly. By coordinating the interrelationships of operating agencies, management endeavors to ensure correct timing and to avoid uneconomical activity.

Actually, much collaboration which goes on in administrative organization is purely voluntary. It is not at all unusual for operating officials of various agencies to recognize their joint interests and to take direct steps to achieve harmonious adjustment. Indeed, it might even be said that this is the normal pattern of administrative relationships. Certainly, a wise management staff at a higher level will do nothing to discourage these direct efforts but will on the contrary encourage and facilitate such negotiation and agreement.

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[5] Cf. V. O. Key, Jr., *A Primer of Statistics for Political Scientists* (New York: Crowell, 1953).

On the other hand, administrative conflict between agencies can and does occur in the public service. Sometimes this conflict arises out of personality or agency rivalries; one individual or group may seek to advance its own importance by expanding the range of its work, by "empire building." Or an agency may believe that the quality of the service it has received from another agency is inferior, or it may argue that a process is so intimately related to its own major purpose that dependence upon another agency is intolerable. Thus, school administrators today generally insist upon having their own school nurses because they contend that the health of students is so vital a part of their educational activity that they cannot depend upon a local public-health service to provide a school nursing service. Similarly, the United States Air Force insisted during World War II upon purchasing its own airplanes because the quality of aircraft was a major factor in carrying out the air mission. The Air Force refused to let a central purchasing office procure airplanes from aircraft manufacturers.

Sometimes administrative conflict simply reflects a broader political conflict among opposing groups in our society. Competition and conflict is customary in politics, and it is not uncommon for this conflict to be carried over into the administrative life of the state. The differing ideas about national land and forest conservation which were epitomized by the Ballinger-Pinchot controversy in 1911 have continued, rightly or wrongly, to exacerbate relations between the National Park Service and the United States Forest Service ever since. There is a basic difference of concept in river development between the Corps of Engineers and the Bureau of Reclamation. The Corps is interested in flood control and navigation; the possibilities of power development and irrigation are incidental. To the Bureau irrigation comes first and hydroelectric generation of power second. But in its irrigation work Bureau policy is fixed by law to favor the family-size farm (320 acres in the community property states) and to require some repayment of benefits by the irrigated farm. The Corps is not bound by these limitations. It is not surprising, then, to find the two agencies being urged to undertake projects in the same river valley.[6]

At the departmental level, it is part of the function of management to promote coordination among various operating units. An excellent illustration of both the need for and the process of coordination has been evident in the Treasury Department of the Federal government for a number of years. The Treasury has a number of bureaus in which criminal investigation is an important part of their work. These include the Bureau of Internal Revenue (concerned especially with collecting income taxes), the Customs Bureau, the Narcotics Bureau, the Alcohol Tax Unit, and the Secret Service (concerned primarily with preventing counterfeiting of government currency). The narcotics tax was designed basically to prevent the illegal sale of narcotics; the collection of income taxes, alcohol taxes, and customs duties presents problems in preventing attempts at evasion. All these activities involve law enforcement through investigation of violations which constitute a criminal offense. Under these circumstances coordinating committees and a chief coordinator of enforcement activities were created by the department in order to promote collaboration in investigative activities. In this way duplication of effort has been avoided. The Interior Department has used both a top-management staff unit and area committees to help achieve common agreement in land-use activities among such varied bureaus as Land Management, Fish and Wildlife Survey, Reclamation, National Park Service, and Indian Affairs.[7] Similar practices are common in many other government agencies, national, state, and local.

At the interdepartmental level, the task of adjusting conflict falls upon the chief executive. He may resort to assistants to help in this activity. Thus, during World War II, the position of director of war mobilization was set up to adjust disputes about use of the nation's economic resources for war purposes.[8] In New York City the mayor at the end of World War II appointed a coordinator of construction activities to adjust conflicts in using limited supplies made available by the national government for city building projects.

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[6] On this particular conflict, see Arthur Maass, *Muddy Waters* (Cambridge, Mass.: Harvard University Press, 1951). For other illustrations of interagency conflict, see Harold Stein, ed., *Public Administration and Policy Development* (New York: Harcourt, Brace, 1952), pp. 363*ff*.

[7] See Charles McKinley, *Uncle Sam in the Pacific Northwest* (Berkeley: University of California Press, 1951).

[8] See Herman Somers, *Presidential Agency* (Cambridge, Mass.: Harvard University Press, 1950).

A more common device at the interdepartmental level is the interdepartmental committee. Such committees may be used for several different purposes: to explore and draft new legislation, to promote research, to clear administrative policies and information in which more than one agency is interested, and to promote joint action.[9] These committees are more often brought into existence by mutual agreement than by order of the chief executive. Often they continue for a time and then disband; some have operated over a long period of time. One student of the experience of such committees, noting especially the breakdown of a committee which endeavored to adjust the mutual interests of the Coast Guard and the Air Force in the field of search and rescue operations at sea, has commented: "An interdepartmental committee is most effective and most consistently useful when there is basic policy agreement among its members and when the activities of the committee are devoted to exploring in full the consequences of agreed policy and the cooperative techniques that will be most successful in carrying out that policy."[10]

The politics of interdepartmental coordination is a fascinating subject, but one which we cannot undertake to explore here. It is sufficient to note that chief executives may undertake to promote or even to demand harmonious adjustment among departments and agencies to the extent to which it seems politically expedient and politically feasible to do so. This is a judgment chief executives must make. Thus on one occasion President Franklin D. Roosevelt instructed the chairman of the War Production Board and the Secretary of War "to compose your differences." He left it to the two agencies to reach an actual agreement, which they did in November, 1942. At other times a chief executive may simply permit competition and conflict to continue because he believes the issues are relatively unimportant and he is too busy to intervene, or because he sees no possibility of effective adjustment. But at the interdepartmental level political considerations must necessarily determine such intervention as a chief executive decides to attempt in order to promote coordinated action. At the departmental level, the chief issues involving coordination more often center in management effectiveness rather than in political compromise of conflicting group interests.

Some students of management appear to believe that the answer to most problems of administrative conflict is reorganization. Experience would now seem to be sufficient to indicate that no organization structure can eliminate the need for coordination of mutual concerns among different organizational units. Jurisdictional lines can never be drawn in watertight compartments. Common interests extending beyond particular organizational boundaries are almost always bound to appear. To be sure, organizational structure can provide a framework which will help facilitate coordination by injecting an effective management echelon or level to promote harmonious adjustment where the need appears urgent and where the problems are susceptible of management solution.

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[9] See Mary Trackett Reynolds, *Interdepartmental Committees in the National Administration* (New York: Columbia University Press, 1939).

[10] Stein, *op. cit.*, p. 387.

Some persons appear to believe that conflict among administrative agencies is necessarily undesirable. True, such conflict may be wasteful; it may even lead to some contradictory or mutually canceling activities. But in a democratic society conflict is the essence of politics. Competing groups are constantly struggling with one another for power and for administrative action. But such competition is a condition of a free society. It helps preserve the possibilities of choice for individuals. In the words of the late Mary Parker Follett, there is such a thing as "constructive conflict."[11] Administrative competition may also be a useful kind of experimentation, especially when a chief executive or a department head is not entirely clear about what is the most desirable action to take or is not certain about the relative abilities of key personnel. The opposite of conflict and competition is the kind of orderliness which one might conceivably find in a dictatorship, although in practice this fine adjustment does not exist there either.[12]

These observations are not intended to suggest that conflict is the normal and desirable state of relationship among administrative agencies. As we have commented earlier, mutual cooperation tends to be the customary practice among most administrative personnel. Within departments top management endeavors to achieve harmonious adjustment among the parts through its supervisory process. But conflicts do arise, and these do not necessarily indicate insubordination among operating heads or a failure of top management to do its job. Some conflict is to be expected, and even can be "constructive." The experienced administrator tends to capitalize upon the energies and drives which bring operating heads into competition with each other. The complete absence of conflict could indicate that no one was doing anything.

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[11] See Henry C. Metcalf and L. Urwick, eds., *Dynamic Administration: The Collected Papers of Mary Parker Follett* (New York: McGraw-Hill, 1942), Chap. 1.

[12] For evidence of this read the fascinating account of the pathology of dictatorship in Hugh R. Trevor-Roper, *The Last Days of Hitler* (New York: Macmillan, 1947).

There is one other aspect to this subject of coordination which deserves a word. When an administrator appoints a "coordinator" with that title, there is always the danger that the coordinator, instead of being a staff assistant, will want to take over the actual operating job. One budget officer of the Federal government has used these words to describe the situation:[13]

> There should be coordination, yes, but only as far as coordination is an honest word. Too frequently the "coordinator" is himself a would-be operator, would-be director, would-be dictator. Too frequently also the coordinator is mere surplusage; he is an apprentice imitating the master, impeding the work of the journeyman. Coordination is the process of weaving together, not scrambling. A good coordinator is one who grasps quickly—and quickly lets go.

If coordination is regarded as the result of effective staff supervision rather than as a process in and of itself, these potentialities of conflict between staff "coordinator" and subordinate operating head may be reduced. It is a part of the task of management to facilitate effective mutual relationships among the operating parts of an organization.

The Human Relations of Supervision

As in other aspects of management, the quality and performance of supervision in an administrative agency depend in large part upon the personal relations of supervisors to employees. The goal of supervisory effort is something more than to obtain compliance with instructions from some central office. The major objective is work accomplishment; initiative and general interest among foremen and workers are essential in order to obtain maximum output. Only if employees are generally satisfied with the type of supervision which exists in any organization will they put forth their best efforts. Professor Pfiffner has summarized the important human characteristics of supervision in these words: "The supervisor on the lower levels secures cooperation and production by de-emphasizing his own ego, stimulating group participation, and encouraging the maximum satisfaction of individual egos that is consistent with coordination."[14]

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[13] Geoffrey May, "Day Dreams of a Bureaucrat," *Public Administration Review*, vol. 5 (Spring, 1945), p. 156. See also Willard N. Hogan, "A Dangerous Tendency in Government," *Public Administration Review*, vol. 6 (Summer, 1946), p. 238.

[14] John M. Pfiffner, *The Supervision of Personnel: Human Relations in the Management of Men* (New York: Prentice-Hall, 1951), p. 215.

Studies by the Institute for Social Research at the University of Michigan have provided us with more details about the qualities which make for effective working relationships between supervisor and employee. These studies were made in industrial establishments where some quantitative comparisons of output among different work groups were possible.[15] In general, these studies have suggested the following conclusions. First, it appears that the closer or more exact the degree of supervision exerted by a foreman, the lower the level of output by a work group. Conversely, the more general the degree of supervision exercised by a foreman, the higher the level of production by a work group. Second, the kind of supervision exercised by a foreman tends to reflect the kind of supervision to which the foreman in turn is subject. If a foreman is closely supervised by his own superior, he will tend to supervise closely the work of his group. Third, foremen who take a major interest in the individual worker—that is, are "employee centered"—tend to be associated with groups having high levels of production output. Foremen who take a major interest in production processes as such—*i.e.*, are "production centered"—tend to be associated with groups having low output records. Supervisors in high-production groups tend to have a considerable interest in the off-the-job problems and activities of employees. Fourth, foremen of groups with high-production outputs tend to spend more time on supervisory duties and less time on direct production work than foremen of low-production groups. In particular, foremen in the high-output groups spend a good deal of time in planning the work to be done and in performing special, skilled tasks. On the other hand, foremen in low-producing groups spend more time in doing ordinary, routine tasks. Fifth, foremen in high-production output groups tend to encourage group participation in considering common tasks, tend to be helpful rather than punitive in dealing with those having a poor output record, and tend generally to be satisfied with their own job setup. Finally, foremen in groups with a high-production output are usually willing to train their personnel for job advancement, even though this means breaking up the "team."

These findings suggest the definite conclusion that the supervisor with a marked interest in his fellow workers, one willing to recognize the members of the group as individuals, is the supervisor most successful in encouraging maximum output from a group. Such a conclusion is just as applicable to the public service as it is to the work of private enterprise. But it is not easy to find such supervisors.

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[15] These studies were summarized by the director of the Institute for Social Research in a paper presented to a manpower conference at Stanford University in 1951. See Rensis Likert, "Motivational Dimensions of Administration," in Robert A. Walker, ed., *America's Manpower Crisis* (Chicago: Public Administration Service, 1952), p. 89.

The mechanics of supervision are important. But the human relations of supervision are equally, if not even more, important. Effective supervision depends in the last analysis upon supervisors who understand people not just in groups but as individuals, different from one another, with varying interests and desires. Supervision means harnessing the productive energies of many persons into a common endeavor so that the desired output is realized to the fullest extent possible. No such objective can be realized without full attention to the peculiar characteristics of the people who make up any organization.

General

The performance of operating units in an organization may be evaluated by two different sets of criteria. One involves the use of certain standards and units of measurement which indicate the magnitude of accomplishment and the efficiency of the endeavor. Much of the supervisory process is devoted to advancing the levels of achievement while keeping the resources of personnel and of materials within some bounds. But there is still another element of judgment which evaluates performance in terms of socially accepted codes and norms of conduct.[16] The personnel of an agency are expected to operate within a framework of some degree of loyalty to the cause as a whole and with a disposition for mutual endeavor. Sometimes an individual may become so much the "good fellow" and "team member" that he lacks the capacity to drive, to press for greater accomplishment. Supervisory procedures have to tread a fine path between a spurring of effort and a preservation of cooperative endeavor which is the essence of organization.

Certainly supervisory practices of management should not be so exact as to discourage initiative and a willingness to act on the part of subordinate operating heads. In the public service initiative means taking political chances; it means making decisions in the light of anticipated political reactions. Supervision may be exercised in such a spirit as to induce operating officials to avoid all exercise of discretionary choice and to refer all matter to top authority for decision. Eventually this creates an administrative congestion which has been well described as apoplexy at the center and paralysis at the extremities of an organization.

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[16] Cf. Fritz J. Roethlisberger, "The Administrator's Control Functions," in Robert Dubin, ed., *Human Relations in Administration* (New York: Prentice-Hall, 1951), p. 283.

Supervision is more than a process, it is a spirit which animates the relationships between levels of organization and which induces maximum administrative accomplishment, or when unsuccessful, generates administrative paralysis. Effective management is concerned to realize the first and to avoid the second.

CHAPTER 6 *Public Relations*

In a democratic society administrative agencies are the servant of government, and hence are servants of the people who control and operate government. In the process of directing the end purposes of administrative effort, management is concerned to learn what government and its public want. But the situation is more subtle than merely one of ascertaining public desires and translating these into administrative activity. Management in various fields of government service utilizes and develops specialized knowledge and so must serve as adviser to the public about the desirable kind and scope of administrative activity. In addition, the contacts which members of the public have with public employees create lasting impressions about the friendliness, helpfulness, and efficiency of an agency. Finally, management in a free society and under conditions of politically responsible administration has an obligation to give information to the public about its work. In the broadest sense, then, the public relations of management embrace these four primary aspects: (1) learning about public desires and aspirations, (2) advising the public about what it should desire, (3) ensuring satisfactory contact between public and government officials, and (4) informing the public about what an agency is doing.

The importance of the public-relations task of management in the public service can scarcely be overemphasized. The growth of specialized techniques of public communication and hence the necessary use of specialized personnel to assist in public relations have had their unfortunate consequences. Some administrators and their associates take the attitude that they have public-relations experts to worry about their public relations and that henceforth they no longer need concern themselves with the matter. Such an attitude almost always creates trouble for management, sooner or later. The top administrator in an office personifies the entire agency for the public at large. His actions represent the agency and he can never disassociate himself from a concern with popular interest and expectation. Similarly, other principal figures in the management of an agency, along with all the personnel who come in some contact with outside citizens, help create popular impressions about an agency. The so-called "public-relations expert" can help top administrators in understanding their public-relations duties and in fulfilling them. The public-relations expert is a valuable part of management, the more valuable as he participates fully in the thinking and decision making of management. But the expert cannot carry the load by himself or with a small staff of assistants. All management personnel to some degree need to cultivate a sense of the public-relations phases of management.

The Public

A major complication in the public relations of management is identification of the *publics* concerned with the work of any agency. It is easy to talk about the general public, but any student of government and of public administration soon learns that except on election day the general public does not exist. At least it does not exist in any identifiable, cohesive, or organized sense. Rather, the general public is made up of a large number of *publics*, of various groups each of which has its own identity, its own purposes, its own organization. It is not at all unusual for any one person to belong to numerous groups, and even to groups which pursue conflicting aims. Not all these groups are concerned primarily with governmental matters. The church we belong to, the social clubs of which we are members, our professional societies—these and many others have no direct political role. And yet most such groups at some time develop a political interest in a particular piece of legislation or a particular administrative policy or practice. The public-relations problem of management begins with identification of and knowledge about the groups which are, or potentially are, interested in the work of the agency.[1]

The primary base of political action in our society is not so much political parties as these interest groups into which the public is divided. Management soon becomes aware of those particular groups which are interested in the activities of a government agency. Indeed, since many administrative agencies are brought into being as a result of group desires, it would be a peculiar circumstance if the management of an agency were not aware of the group or groups concerned

[1] On the group basis of political life see David B. Truman, *The Governmental Process* (New York: Knopf, 1951).

with its work. Agricultural groups instrumental in the creation of a state agricultural board or department retain a continuing interest in that agency. Veterans' groups watch over the work of the Veterans Administration. Labor groups exercise a continuing oversight of agencies dealing especially with labor problems or the welfare of laboring people. Only under peculiar circumstances would the management of an agency not know the interest groups active in following all its work.

But administrative agencies have another public besides interest groups organized as such. This is the clientele of an agency, the body of persons directly served by a particular activity of government. A health department must endeavor to reach many different persons who need preventive or restorative care. A school system is of direct concern to the parents of all school children. A recreation or park department serves many children and families. A highway department provides the roads upon which all automobile owners must travel. All users or beneficiaries of the work of an administrative agency tend to have a special concern with the agency.

What, then, about the general public? Often administrators speak of the general interest, or the public at large, whose welfare they are pledged to advance. Is this simply a meaningless abstraction, or is there in reality a general public to which an administrator can or should direct his public relations? Few questions confronting management are any more difficult to answer than this. The articulate elements of society which presume to represent the public at large usually turn out again to be only groups. A taxpayers' league, a neighborhood group, a fraternal or service club, a chamber of commerce, a central trade-union council, a federation of churches—all these are still but particular segments of a community, local, state, or national. All these groups tend to have a special rather than a general point of view. Sometimes the general interest may be thought of as the compromise point of view, as the middle ground between the sharp differences of group interest. Sometimes management itself may endeavor to formulate and propound a public interest conceived as an "ideal" course of action.

In regulatory administration it is often possible to arrive at the public interest through a process not too far removed from the adversary proceedings of the judicial court. Thus in the regulation of freight rates charged by the railroads and trucking companies, the Interstate Commerce Commission can rely heavily upon the complaints put forward by the large industrial and commercial shippers who use the common carriers. To some extent the regulation of fair trade practices among businesses depends upon complaints coming from aggrieved businessmen. In labor-relations regulation the National Labor Relations Board initiates action only upon charges filed by an aggrieved union, worker, or employer. Yet even in regulatory administration with the adversary nature of much of its proceedings, it is scarcely a simple task to discover and proclaim a "public interest." [2]

Today, however, most of the work of public administration is not regulatory in character. It is of a service nature, intended to provide us with a wide variety of assistance, from national security to flood control, from public education to care of the aged. The management of these enterprises must find the public interest in something more than the individual interests they serve. How does management do this? Partly it is a matter of professional judgment and ethics operating in public administration. Partly it is a matter of the individual conscience of administrators. Partly it is a matter of political judgment, reinforced by the institutions of political responsibility which we have mentioned earlier.

In the public service the public relations of management focuses in the final analysis upon legislative relations. It is in the legislative process that most groups with a political interest bring their point of view to bear. Each group seeks to have its special concern reflected in the action of a legislature. In turn, administrative officers are involved in this process; management must be prepared to present its point of view as well. A supine management will accept whatever policy guidance may emerge from legislative consideration; a positively minded management will contribute its ideas as well to the legislative debate. It is the legislature which authorizes administrative activity, outlines its general direction, and fixes the scope of its operations. The legislature is something different from the publics with which management is concerned; the legislature is the forum where conflicts in the political purposes of groups find expression and where some resolution of differences must emerge.

Relations

Just as the identification of publics is one major problem in public relations, so the scope of these relations is a second management concern. What is the extent of the interest which groups manifest in administrative activity? The only possible answer to this query is that this interest is broad indeed. In the first place, the public is interested in knowing about major policies which management adopts for its guidance. Second, the public must be reassured about the competence and efficiency with which the work of administration is performed. Third, the public seeks an understanding of the objectives of administrative activity, or of benefits which may be available, or of procedures by which services are provided. Fourth, the public is concerned with the physical appearance of government structures and other facilities. Cleanliness and proper maintenance are quickly observed in public buildings, parks, and streets. Finally, the public desires that contacts between citizens and officials shall be friendly, helpful, and productive of the desired service. When all these aspects of public relations receive their full attention, then a relationship based upon mutual respect and goodwill may be realized between citizens and management in the public service.

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[2] This problem has been well explored by E. Pendleton Herring, *Public Administration and the Public Interest* (New York: McGraw-Hill, 1936).

The Social Context of Public Relations

The public-relations activities of management in the public service must be conducted in the light of the prevailing traditions and practices about the free flow of information in the United States. Any action by administrative officers which appears to contradict or violate these conditions will almost invariably arouse extensive criticism. First of all, freedom of thought, and of its transmission, is commonly considered an essential of a free society. The First Amendment of the Federal constitution expresses the belief in these words: "The Congress shall make no law . . . abridging the freedom of speech, or of the press." This freedom has been modified under certain conditions such as the forming of a conspiracy to overthrow freedom itself; [3] yet, the attachment to the ideal of freedom of speech and of press remains very real. In the second place, the transmission of thought has been regarded as primarily a matter for private initiative. The great media of mass communication in this country—the daily newspaper, the radio, television, the motion picture, the publication of periodicals and books—are mostly privately owned and are operated to a large extent as profit-making enterprises. In the third place, in the conflict of groups for realization of their purposes, the agencies of government are expected to be neutral, not to espouse one side as against another or to "load the dice" in favor of a particular group.

These broad generalizations, like all such, are subject to qualification. A free and responsible press under private management for profit implies several obligations: to provide a truthful, comprehensive, and intelligent account of the day's events; to operate as an open forum for the exchange of comment and criticism; to project a representative picture of the constituent groups in our society; to present clearly the goals and values of a free society; and to make available the intelligence necessary for the wise exercise of the choices our citizens must make. Apparently, there are times and journals which do not always realize these ideals.[4]. Sometimes crusading administrators become so alarmed by what they conceive to be a general failure to abide by these ideals that they seek to establish their own media of communication. It is not always easy to draw a line between the administrator's role in giving advice and the administrator's role as an advocate. Moreover, the department head selected to provide political leadership may decide that it is part of his political responsibility to advocate one policy or program as against another.

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[3] Cf. *Dennis v. United States,* 341 U.S. 494 (1951).

Nevertheless, the three conditions outlined here fix certain limitations to acceptable behavior by management in the public service in the conduct of its public relations. Any widespread activity which seems to threaten these conditions will result in a good deal of criticism which management must then be prepared to handle. James McCamy has commented that much of the hostility to government publicity arises from two "major premises." One of these is that the publicity agent in government restricts access to information and so limits the freedom of the press. The other is that by controlling information and so by influencing opinion administrators may hamper the legislature in its role of criticizing administrative activity.[5] These premises arise out of the traditions and practices mentioned here. Management needs to be especially alert to these general traditions and practices and to understand that the public relations of administrative agencies is one of the very sensitive areas of behavior.

Legal Limitations

In the Federal government the fear of legislators and others about "propaganda" from administrative agencies has led to the enactment of three different pieces of legislation of a restrictive nature. As early as 1913 Congress provided that no agency should expend any funds in payment of compensation to a "publicity expert" unless specifically authorized to do so by law.[6] The result has been that agencies use many other titles, such as director of information, director of publications, and assistant to an agency head. The legislation has remained as an expression of Congressional fear even though it has not prevented the addition to management staffs of individuals specializing in public-relations activities. In the second place, Congress has provided that all printing must be done through the U.S. Government Printing Office.[7] The purpose of this restriction was to prevent administrative agencies from creating their own printing plants unless authorized to do so, and also to provide a central channel for keeping some kind of check upon the volume of printing activity. Agencies have often acquired their own facilities for mimeographing and multilithing materials without running afoul this legal provision. The Government Printing Office, moreover, may contract out some of its printing work when the volume exceeds its own capacity. In the third place, Congress has provided that no part of an appropriation may be expended for personal services, messages, or publications designed to influence Congressmen in their attitude toward pending legislation.[8] From time to time the charge has been made by legislators that some agency was violating this statute. It is not easy to draw a line between giving advice about desirable legislation and "influencing" legislators; but as a general proposition management in the public service is expected to observe such a distinction. The first is permissible; the second is not.

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[4] See Commission on Freedom of the Press, *A Free and Responsible Press* (Chicago: University of Chicago Press, 1947).

[5] James L. McCamy, *Government Publicity* (Chicago: University of Chicago Press, 1939), p. 247.

[6] Act of Oct. 22, 1913, 38 Stat. 212.

In various appropriation acts Congress frequently adds the proviso that "no part of any appropriation contained in this act shall be used for publicity or propaganda purposes not heretofore authorized by the Congress."[9] Here again this specific appropriation limitation merely serves to reinforce the general legislation and to remind administrators that there are limits to acceptable conduct, even though Congress cannot define these with exactitude. In addition, Congress has from time to time conducted inquiries into particular agencies to determine whether there has been an improper use of informational activities.[10] Although these inquiries may express primarily a difference of political opinion between legislature and administrators appointed by the President, they nonetheless also express a deep-seated fear of administrative activity in the public-relations field.

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[7] Act of Mar. 1, 1919, 40 Stat. 1270.

[8] Act of July 11, 1919, 41 Stat. 68.

[9] These words, for example, are to be found in the Labor–Federal Security Appropriation Act for the Fiscal Year 1953, approved July 5, 1952.

[10] Such an inquiry was conducted in 1947–1948 by the House Committee on Expenditures in the Executive Department. See *Publicity and Propaganda,* Hearings of a Subcommittee of the House Committee on Expenditures in the Executive Department, 80th Cong. Five Committee reports were submitted condemning several different agencies for their propaganda activity. At the time the Congress was Republican and the President a Democrat; no prosecution of individual administrative officers resulted.

The result of all these restrictions has been to create a situation which McCamy has aptly termed one amounting to "insecurity of the publicity function." [11] Almost everyone who has examined the subject dispassionately has come to the conclusion that informational activity by administrative agencies is both desirable and essential.[12] By its failure to prohibit informational programs, Congress has itself acknowledged this fact. Yet no positive standards or guides have ever been provided for the conduct of the public-relations work of Federal administrative agencies.

General Information versus Public Relations

There is one important distinction in the field of public relations which is not always understood by critics of government agencies. A sharp difference should be drawn between general informational activities and public relations. Many government agencies are created with the major purpose of carrying on certain research or statistical activities and of making public the knowledge and data they accumulate. There would be no point, for example, in taking the census every ten years if the results were not published and made generally available. There is no point in the Bureau of Labor Statistics collecting data about wage rates, strikes, volume of construction activities, trends in employment, or prices paid by consumers, if all this information is not to be published. There is no point in having agricultural experiment stations or in carrying out research in food and nutrition, in animal diseases, in dairy-cattle breeding, in utilization of agricultural commodities, in entomology, or in plant soils if the results of all these inquiries are not made generally available. We expect the weather bureau to announce weather forecasts, we expect a health service to announce any sudden change in the incidence of communicable disease, we expect the police department to reveal the facts about crimes.

In other words, much government work involves the collection of information which the public at large wishes to know, and these agencies have an obligation to make that information generally available. For the lack of any better term we may call this kind of work that of "general information." Certainly Congress and state legislatures do not desire to shut off the full and free flow of this general information to all who are interested and wish to use it.

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[11] McCamy, *op. cit.*, p. 5.

[12] Such a conclusion was reached by two consultants to the (Hoover) Commission on Organization of the Executive Branch of the Government in 1948. Their memorandum on the subject, however, was not published by the Commission.

In addition, some activities of government cannot be carried on without conveying information to the public about its privileges and how to take advantage of them. The Social Security Administration must inform all the potential beneficiaries under the old-age and survivors insurance program about the circumstances under which they are entitled to benefits and about how to file their claims. The Veterans Administration must periodically explain to all veterans what benefits they are entitled to and how to go about obtaining them. A tax department must inform citizens about when and how to file their tax payments, especially in an income-tax system such as ours which depends so heavily upon individual self-assessment. Regulatory agencies such as those enforcing price controls in a war or defense economy must often seek voluntary citizen cooperation. The Treasury Department has engaged in widespread sales campaigns to encourage the purchase of government bonds by individual investors. The Armed Forces carry on aggressive promotional work in an effort to persuade individuals to enlist for a period of service.

Much of the publication and publicity work of government consists of making available this general information. When the total volume of Federal government printing in any one year is made known, it is staggering indeed, but much of it comes under this heading of general information. This would be true, for example, of the publication of the *Congressional Record,* of legislative committee hearings, of statutes, of Supreme Court decisions, of decisions of regulatory tribunals and of so-called "legislative" courts, of opinions of the Attorney General, of the *Federal Register,* of opinions of the Comptroller General, of census reports, and of thousands of individual reports.[13] One of the "best sellers" of the Federal government over the years has been a little bulletin of the Children's Bureau entitled *Infant Care,* a straightforward account about the latest ideas on feeding and caring for a newborn baby. The government is not mentioned in the entire book except as the publisher.

The annual yearbook of the Department of Agriculture was revised in 1936 to become a series of textbooks in various phases of agricultural knowledge. The result has been a notable list of volumes of a general informational character for farm leaders and farm educational workers. The volumes, often of over 1,000 pages in length, have such titles as *Soils and Men* (1938), *Climate and Man* (1941), *Keeping Livestock Healthy* (1942), *Science in Farming* (1943–1947), and *Trees* (1949). The periodicals published by the Federal government include *School Life, Survey of Current Business, Technical News Bulletin* and *Journal of Research* (both by the Bureau of Standards), the *Monthly Labor Review,* and several other monthly journals.

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[13] On the range of government publications see Laurence F. Schmeckebier, *Government Publications and Their Use* (Washington: Brookings, 1936); and James L. McCamy, *Government Publications for the Citizen* (New York: Columbia University Press, 1950).

None of this great array of publication is intended primarily to advance any particular government policy or promote any particular government agency, although, to be sure, all those persons who use the information contained in these publications may be expected to protest if the work is drastically curtailed or eliminated. And by and large this kind of publication work represents the very substance of government operations. It was to publish just such data that many administrative agencies were originally created; it is for the same reason that they continue to receive appropriations.

The foreign information service, or the Voice of America, is an important phase of diplomatic relations initiated to promote a better understanding of the American people and their government. "The object of such activities is, first, to see that the context of knowledge among other peoples about the United States is full and fair, not meager and distorted, and, second, to see that the policies which directly affect other peoples are presented abroad with enough detail as well as background to make them understandable."[14] There has been much controversy about how these objectives are to be realized and how such service should be operated, but there has been a general recognition that our diplomatic relations with the rest of the world require positive steps on our part to impart full and accurate information about the United States.

All this sort of work, accordingly, ought to be regarded as quite distinct and different from public relations. General information work is one of the end purposes of administrative operations and must be continued if many administrative agenices are properly to perform their duties.

The public relations with which management in the public service is especially concerned has a different purpose. We have already outlined its role in terms of learning about public desires and aspirations, advising the public what it should desire, and informing the public about the nature of the work done by an agency. This definition more narrowly and more exactly comprises the scope of the public relations which management must be prepared to undertake as a part of the task of directing the work of a government agency.

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[14] Arthur W. Macmahon, *Memorandum on the Postwar International Program of the United States,* U.S. Department of State Pub. 2438, 1945, p. xi.

Of course, public relations should also be distinguished from the whole subject of communication, which is the process of achieving a shared understanding of a shared purpose within the agency itself. We are concerned here with *external*, not internal, relations.

Yet it is because so many persons, management officials included, fail to make a distinction between general information, public relations, and internal communication, that so much confusion arises about the nature and extent of government public relations. The Bureau of the Budget in the Federal government had to lump together "educational, informational, promotional, and publicity activities" when it made an estimate of 34,000 persons at a cost of 105 million dollars engaged in this work in the fiscal year 1950. Such an estimate may well be too low for so wide a range of work as we have outlined here and probably is far too high for public-relations work as such. There are good reasons why it is desirable for management itself to draw the distinctions suggested here. One way to keep the general informational work above reproach is to be certain that no one can fairly complain about its subtle distortion for "propaganda" purposes. Moreover, the public-relations work, defined in a more restricted way, can then be subject to careful and continuing scrutiny to make sure that it does not cross the boundary into proscribed areas of conduct.

Consultation with Interest Groups

Management necessarily maintains extensive contacts with the interest groups concerned with the work of an agency. Sometimes these contacts are formally recognized by the creation of advisory committees on which various interest groups have official representation. Thus, for example, by the end of World War II the Department of Agriculture had 115 different national and 14 regional advisory committees concerned with the food industry. It is reported that these committees, of which about half were concerned with processing of fresh fruits and vegetables, held over 400 meetings during the war period.[15] Sometimes, and perhaps more commonly, the contacts are maintained informally.

Our concern here is not with expert consultants who individually or collectively are invited to advise management in the process of formulating agency objectives or of framing agency work programs.

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[15] Walter W. Wilcox, *The Farmer in the Second World War* (Ames: The Iowa State College Press, 1947), p. 357.

Presumably such individuals are requested to participate in the planning process because of their detailed or specialized knowledge about the subject matter of agency activity. We are interested here in the individuals who are called into consultation, not because of the expert knowledge they possess about a subject in its technical aspects, but because the point of view they may express about a subject represents the attitude of an external interest group. There are times when this expert and this consultative point of view may be forthcoming from the same individuals. Some interest groups have expert staffs possessing a high degree of technical competence in a subject-matter field. But such experts are still to be thought of as expressing the point of view of their interest connection, however enlightened that point of view may be. There does tend to be a distinction which it is worthwhile for management to observe between the expert consultant and the representative consultant. The two are important to management in making decisions about the direction of an agency. But the two types of advice are essentially different. One is expert and presumably disinterested. The other may be expert but is definitely interested.

One study of permanent advisory committees in the Federal government as of the end of the 1930's classified committees into three categories: expert, expert-lay, and lay, depending upon their membership.[16] The first type of advisory committee is made up of technical experts. A recent example of this sort of committee was the provision in the Atomic Energy Act of 1946 for a general advisory committee "to advise the Commission on scientific and technical matters relating to materials, production, and research and development." This kind of committee is concerned with advising management about the technical aspects of planning. The second kind of committee is made up of both expert and lay members in an effort to combine in a single group both the technical point of view and the interest point of view. A recent illustration of this kind of committee was the provision in the Veterans Readjustment Assistance Act of 1952, approved July 16, for an advisory committee to be "composed of persons who are eminent in their respective fields of education, labor, and management, and of representatives of the various types of institutions and of establishments furnishing education and training to veterans enrolled under this act." The third kind of committee is appointed almost exclusively in expectation that it will represent special interest. A recent example of this kind of committee was the provision in the

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[16] Norman N. Gill, "Permanent Advisory Committees in the Federal Government," *The Journal of Politics*, vol. 2 (November, 1940), p. 411.

War Mobilization and Reconversion Act of 1944, approved Oct. 3, for an advisory board in which three persons should have had "experience in business management," three with "experience in matters relating to labor," and three members with "experience in agriculture." The study previously mentioned found that as of May, 1939, there were 89 permanent committees of all three kinds in the Federal government. As of 1954 the number would be still larger.

There are a number of considerations to be resolved about consultative committees. Should they be set up only when authorized by law, or should a department head be able to set up committees as he sees fit? Who shall appoint the members, the chief executive or the department head? How large shall the committees be? Shall the members be paid an honorarium for attendance as well as for their expenses? How often should committees meet? Should committees be set up to consider specific problems or should they have a continuing existence? How shall committees be staffed? What kind of record should be maintained and should it be published? These are all important questions of procedure which deserve careful attention. In general it would seem desirable for legislation to authorize a department head to set up consultative committees as he sees fit, and to create them for specific rather than general and continuing purposes. In consultative as distinct from planning committees, there seems little need to provide for compensation. A record of discussions ought to be maintained, but the publication of this record should be up to the discretion of the administrator. Many legislators and interest groups fear, however, that an administrator may not be sufficiently disposed to consult with outside groups unless some specific requirements on this subject are written into law.[17]

The large problems of consultation, however, are not matters of procedure. The basic questions involve purpose and circumstance. What does management expect from interest groups? What do interest groups want from management? Are the conditions of the moment such as to favor consensus or conflict between management and interest groups? These are the primary issues for management to consider.

Consultation with interest groups in the administrative process may serve several purposes. The most common purpose perhaps is to keep a group informed of administrative developments. The price administrator of World War II has paid tribute, for example, to the part the petroleum products industry advisory committee played in disseminating information and interpreting regulations for the industry.[18] Perhaps no interest group in all the country works more closely with administrators than the local parent-teacher associations. These groups bring together parents of school-age children and their teachers to discuss school problems and to keep parents informed about what the schools are endeavoring to do. In the second place, interest groups may be brought into the administrative process in order to advise administrators about the intricacies of dealing with their group. Certainly industry and labor committees were extensively employed in the economic mobilization work of World War II in order to help agencies like the War Production Board to work effectively with industry.[19] For example, the Petroleum Administration for War found that its industry advisory committees were helpful in averting petroleum shortages and transportation breakdowns. Military and essential civilian needs were fully met with a minimum burden upon the industry through a small administrative organization. These results were possible because there was practically complete agreement between government and industry as to objectives, there was mutual confidence in operations, and there were effective organizational relationships, including genuine industry participation.[20]

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[17] For a different point of view favoring appointment of committees by the chief executive, compensation of expenses, and publication of an annual report, see R. Clyde White, "Local Participation in Social Security Administration," *Public Administration Review,* vol. 5 (Spring, 1945), p. 141.

But consultative devices may also be unsuccessfully used. The Department of Agriculture from 1938 to 1942 tried establishing local planning committees of farmers to prepare the actual administrative programs to be undertaken in the area. The committees were not able to agree among themselves in formulating policy and program objectives.[21] Consultative committees are sometimes set up with the idea that conflicting interests brought together in a common forum will undoubtedly be able to achieve a consensus. All the administrator or the legislator needs to do then is to accept the ready-made result.

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[18] Chester Bowles, "OPA Volunteers: Big Democracy in Action," *Public Administration Review,* vol. 5 (Autumn, 1945), p. 351.

[19] On this experience see Carl Henry Monsees, "Industry Advisory Committees in the War Agencies," *Public Administration Review,* vol. 3 (Summer, 1943), p. 254; Edythe W. First, *Industry and Labor Advisory Committees in the National Defense Advisory Commission and the Office of Production Management,* historical reports on War Administration, Civilian Production Administration, Special Study 24, (1946); and Carol Riegelman, *Labour-Management Cooperation in United States War Production* (Montreal: International Labor Office, 1948).

[20] William H. Newman, "Government-Industry Cooperation That Works," *Public Administration Review,* vol. 6 (Summer, 1946), p. 240.

[21] Charles M. Hardin, "Reflections on Agricultural Policy Formation in the United States," *The American Political Science Review,* vol. 42 (October, 1948), p. 889.

We have had sufficient experience with economic advisory councils in this and other countries to indicate that no ready-made consensus results simply from setting up interest-group representation. The administrator, the chief executive, and the legislature cannot so easily abdicate their major task of building consensus or compromise on their own initiative among conflicting interest groups.

Basically, there are three attitudes or moods which may characterize the management of an agency in its external relations with affected interest groups. One is an attitude of aloofness, which may range from indifference to punitive zeal. Sometimes, the reforming enthusiasm which leads to the passage of regulatory legislation, such as that to curb mislabeling of foodstuffs or the fraudulent advertising of securities, may cause administrators to regard the group they deal with virtually as culprits. Any consultation with the group to be regulated then appears as a "sellout." This mood is not necessarily evident in every instance of regulatory activity, and in some arrangements the affected group may dominate or considerably influence the regulatory body itself.[22] But there may be conditions and circumstances when management purposefully will desire to remain aloof from any close identification or collaboration with the interest groups affected by its activities. In the second place, management attitude toward interest groups may be conciliatory, almost educative in tone. Management may assume that of course interest groups are selfish or narrowly motivated but that if exposed to facts and a broader point of view they will accept administrative effort. Because some administrative work is founded upon a highly specialized competence, as in public-health work, management may hope that it can educate its clientele, such as milk distributors, to accept the need for certain standards of conduct. Moreover, management may be conciliatory in tone because administrators want to be liked as other people do. In the third place, management may assume that its role is one of acceptance of an interest's point of view, that its task is one of doing whatever a particular group desire. Here the tone may become one of subservience, even perhaps of sycophancy.

Circumstances do much to generate or mitigate these various attitudes. Much depends, as one student has pointed out, upon the "degree of controversy" which attends the passage of a particular piece of legislation.[23] If one group has succeeded in pushing enactment of a law, such as the veterans' legislation of 1944, without opposition from any other group, it is natural to expect that the management of an agency will consult closely with the dominant group in its subsequent administration of that legislation. When there is conflict within groups or among groups, as about the degree of special government assistance to be given the tenant farmer, management may choose to be aloof from all groups or may endeavor to mediate among the conflicting parties.

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[22] See Avery Leiserson, *Administrative Regulation: A Study in Representation of Interests* (Chicago: University of Chicago Press, 1942).

[23] Truman, *op. cit.*, p. 439

Another factor is the stability or cohesive strength of the groups which urge and obtain passage of legislation. A great burst of reforming zeal unleashed by revelations of misconduct in the handling of insurance investments, in the sale of stock securities, in management of commercial banks, in the sense of contractual responsibility displayed by unions—any such agitation may arouse public indignation and result in new legislation. Then the groups which joined in the hue and cry may disintegrate, leaving behind an administrator with a law to enforce but with no group to exhort him to constant vigilance. In the 1930's some new administrative agencies of the Federal government endeavored to organize "consumer groups" to represent a counterweight to the pressures from labor, industrial, and agricultural interest groups. The effort was not very successful because the consumer group proved to be so "amorphous and ineffective in promoting its own interest." [24]

An administrator may find that his position is such that he is expected to mediate among competing groups concerned with the work of an agency. Sometimes organizational structures have been put together in order to encourage management to compromise among groups. Thus, the Farmers Home Administration is a part of the Department of Agriculture rather than a separate agency, as the Rural Resettlement Administration was when first founded in 1935. Sometimes specialized interest groups effective in influencing the work of one agency will oppose its amalgamation with another where some other group influence predominates. Conservationist and sports groups are opposed to a merger of all Federal land-management agencies because this might mean they would have less influence, for example, upon the work of the Forest Service. The air-transportation industry does not wish to be subject to the regulatory authority of the Interstate Commerce Commission because railroad interests have been the predominant concern of that agency.

Professor Truman has declared that an administrator "is constantly attempting to move his activities from a level of controversy to one of acceptance. . . ."[25] This may well be a natural kind of tendency, since most of us regard the individual as "queer" who would live in a constant state of tension. Such being the case, management seeks consultative relationships with interest groups both for self-protection and for peace. There is even a strategy of effective change which depends upon collaboration with affected groups. When an administrator wants the law he carries out amended, he will usually get in touch with the interest groups involved and convince them that a change is desirable. Or an administrator eager to carry out certain programs, such as public generation of power, may seek to align benefiting groups with the agency's position as a counterweight to hostile groups.[26]

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[24] Persia Campbell, *Consumer Representation in the New Deal* (New York: Columbia University Press, 1940), p. 264.

Consultation achieves the epitome of democratic participation when administrative action depends upon an actual referendum among the affected group. This has been done in the field of imposing agricultural marketing agreements and marketing quotas upon a defined marketing area. It has also been used in connection with tobacco inspection, soil conservation, and production control. Between 1938 and 1941 there were at least 26 such referenda held under the auspices of the Department of Agriculture. The expense of such a practice, as well as the absence of machinery for its execution, forestalls extensive resorting to this device even were it desirable.[27]

The collaborative duties of management in the public service have become quite large. To some degree legislatures have tended to enact laws involving the broadest kind of agreement and have left to administrators the task of further refinement. This process then transfers the conflict of interest groups from the legislative to the administrative arena. The task of consensus, of compromise, and even of decision has fallen increasingly upon administrators. This has meant that management must necessarily engage in a careful and continuing procedure of consultation with the affected interest groups. Bureaucratic behavior is kept within some limits of popular control by this whole process. But there is the obvious danger that in the process government administration may become synonymous with interest-group administration. The voice of the people may in reality be the voice of the loudest, most articulate, and best-organized group. Here the administrator faces the same problem which confronts also the legislator and the chief executive. Only an individual's personal sense of integrity can provide a final answer.

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[25] Truman, *op. cit.*, p. 447.

[26] Cf. Philip Selznick, *TVA and the Grass Roots* (Berkeley: University of California Press, 1949).

[27] L. B. Howard, "The Agricultural Referendum," *Public Administration Review*, vol. 2 (Winter, 1942), p. 9.

In creating formal consultative devices, the administrator must make clear that he expects the group to be advisory rather than responsible for actual policy formulation, that he is seeking representation of group interests rather than group participation in the actual conduct of administrative operations, that mutual exchange of information is desired rather than a merger of interests and goals.[28] Indeed, there have apparently been instances when Congress has sought to curb the control of a department by its politically responsible head through the advisory committee device; this seems to have occurred in agriculture where the fear has been expressed that department heads appointed by Presidents listen too closely to urban interests.[29] Interest groups have their place in public administration, and management needs to recognize and accommodate that place.[30] Presumably, however, there is still a general interest or a public interest which is something more than the sum total of individual group interests.

Contact with Citizens

A major element in government public relations arises from the numerous contacts which citizens may have with various administrative agencies. The very extent of government service today means that most citizens will have some contact with a number of government officials. The police officer, the fireman, the public-school teacher—these are public employees familiar to many persons. Inspectors for such matters as sanitation, buildings, elevators, and automobiles may come in touch with a large number of citizens. The individual who seeks information or help from an agency must necessarily visit a government office. His reaction depends in large part upon the kind of reception he obtains from a counter clerk or interviewer.

Because the public idea of a government agency is so much influenced by the nature of these contacts, many agencies have made special efforts to encourage careful behavior by the officials who come in direct touch with the public. Training courses are often used to emphasize the importance of courteous and helpful handling of citizen contacts. Extra care may be given to the assignment of personnel to interview duties. Only if prompt, effective action follows upon the heels of friendly contact can the reputation of an administrative agency be preserved. The way in which requests for information are handled and the way in which complaints are adjusted will do much to determine how an agency "rates" with the public.

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[28] Cf. John L. Afros, "Labor Participation in the Office of Price Administration," *The American Political Science Review*, vol. 40 (June, 1946), p. 458.

[29] Charles M. Hardin, "Political Influence and Agricultural Research," *The American Political Science Review*, vol. 41 (August, 1947), p. 668.

[30] For an interesting account of interest-group attitudes toward administration, see Chap. 22, "The Growth of Influence of Farm Organizations," in Wilcox, *op. cit.*

Indeed, some agencies from time to time make elaborate surveys of public attitudes toward their work as a means for guiding an improvement in public relations. Questions may be asked about past experience in obtaining service, or about general knowledge about the work which an agency performs. Information on these subjects may help management in determining what is most needed in order to improve their public relations.

Reporting

Management in the public service has a responsibility faithfully and fully to report about the work of an administrative agency, about the policies which have been adopted and why, about accomplishments, about problems and difficulties, about failures, and about plans for the future. Such a definition of proper behavior is easier to state than to fulfill. For in the performance of that responsibility there is many a pitfall for the unwary administrator.

It is customary for Congress to prescribe that every agency of the Federal government shall publish an annual report. Sometimes, as in the Atomic Energy Act of 1946, Congress specifies more frequent reporting, in this instance quarterly. But the legislature does not indicate the extent of the desired reports, how they shall be prepared, or their expected format. In some agencies, as with the Chief of Staff of the Army, the custom has grown up of reporting on a biennial rather than an annual basis. State legislatures and local governments often fail to provide any legal requirement for reporting, leaving the practice to executive and administrative discretion.

Annual or other reports are usually addressed to a chief executive, to the legislature, or to both jointly. In the Federal government they are almost always printed and become available, usually at a modest charge, to the interested public as well. There is no general practice among chief executives or legislatures of giving special attention to these reports. The reports are considered to be in the nature of public documents for such informational use as any person may wish to make of them.

In the Federal government at least, some effort has been made in recent years to publish attractive documents as annual and special reports. This trend began with the appearance in 1934 of the report of the Mississippi Valley Committee of the Public Works Administration. This document was printed on good paper with large pages, clear type, and numerous maps, charts, and photographs. It inaugurated a style of publishing which was continued by the National Resources Committee (or National Resources Planning Board as it was later designated). In 1936 the Resettlement Administration published its first annual report in the same format, again with numerous photographs and other illustrations. This led to considerable criticism that the report had been prepared in this manner in order to influence voters in the forthcoming presidential election. Subsequently, at the end of World War II, General George C. Marshall as Chief of Staff issued a biennial report covering the last two years of military operations which used maps in color drawn by the artist whose work had become well known in *Fortune Magazine*. Yet even in the afterglow of military victory there were legislators who raised their eyebrows at this obviously expensive piece of administrative reporting.

Unless an annual report is presented in drab and dull format, unless a report confines itself to facts and eschews matters of controversy, it may be regarded as "propaganda" on behalf of the chief executive, the administrator, and especially the administrative program which it represents. This propaganda has as its obvious purpose, the opponents say, to influence voters at election time and to encourage pressure upon legislators for some particular line of action. Management thus finds itself in the unhappy spot of being expected to report to the public but not to say anything, and certainly not to say it so that anyone will want to read it. Here is one of the great dilemmas of public administration.

When the administrator resorts to other media of public relations besides the printed report, he may encounter even more hostility. The Resettlement Administration pioneered in another medium, that of the sound motion picture. Assembling a director-producer, cameraman, and musician of outstanding talent, the agency authorized the preparation of two documentary films for public release designed to explain the circumstances which created the "dust bowl" and "overproduction." The two films, *The Plow That Broke the Plains* and *The River*, have become major works of contemporary art, and are to be seen from time to time in museum showings. But when the first picture was released in 1936, the conjunction of a presidential election seemed more than a mere coincidence. Although the films never mentioned President Roosevelt by name, the implication of justifying New Deal support was readily apparent. Since that time an alert legislature has been wary of any motion-picture activity by administrative agencies. If an author wishes to write a novel entitled *The Grapes of Wrath,* this is the artist's privilege. If a motion-picture producer wishes to make a notable film based upon that novel, this is the privilege of free enterprise. But for author or producer to be hired by a government agency to do the same thing raises the fearful prospect of administrative propaganda as a possible forerunner of administrative tyranny. The fear is not without justification. The artist may feel that he has been left to the dictates of avid commercialism. But this, at least, is not the dictate of absolutism.

The government administrator may do his reporting through public appearances and through news conferences. These public appearances may be covered by press, radio, and television, and so reach out far beyond the immediate audience. The press conference has become an accepted technique of presenting the administrative point of view on many current problems. Exhibits, demonstrations, and a periodic "open house" in public buildings may also help inform the public about government work. Some administrators may be more effective than others in arousing interest and in obtaining sympathetic coverage. But many resources are available to management for keeping the "public" informed of policy development and administrative action.[31]

There is ever the problem of how to persuade management to be frank and to admit mistakes. The commonly accepted political maxim of government seems to prescribe that an administrator must never acknowledge error. It is perhaps also a common human disposition to ignore the mistakes one commits or to gloss over their importance. It may be possible on occasion to persuade administrators to keep more or less frank internal records of experience as a guide to those who come after them. This was tried on a large scale during World War II in a so-called "administrative history program." The studies which were prepared, some of which were published, about the work of the War Production Board, the Office of Price Administration, and the War and Navy Departments, among others, were surprisingly frank and objective in their content. But these "histories" have received little general notice and were prepared primarily for scholars and for future administrators. They have not been regarded as a public-relations effort. In so far as the administrator is concerned, his

[31] In San Diego the 1951 annual report of the municipal government—a council-manager city—was produced as a motion picture. See D. W. Campbell, "San Diego's 1951 Annual Report," *Public Administration Review,* vol. 13 (Winter, 1953), p. 30.

current reporting for public consumption is apt to be optimistic in tone. The criticism comes from outraged interest groups, from industrious newspaper reporters, and from watchful legislators. In the past at least, these have proved an ample safeguard.

From time to time the problem arises of conflicting information provided the public by administrative agencies. Sometimes this conflict occurs within an administrative agency itself. Sometimes it arises between administrative agencies. The first situation is a problem for management to solve. The second is a problem for the chief executive to handle. Within a particular administrative agency conflicting public information may reflect faulty communication of purpose by top management or faulty supervision of operations. Occasionally it reflects divided policy counsels within top management itself and a resort to the public press as a means of exerting pressure upon administrative decision making. When interagency conflict arises, the situation simply reflects conflicting ideas and purposes at work within government as a whole.

It is not easy to handle these conflicts, either for management or for the chief executive. There is always the danger that "censorship" will be charged by the public press. Even administrative secrecy for the sake of preserving information involving the national security is likely to encounter similar accusations. Conflicting public relations arising out of administrative misunderstandings may well be deplored. But conflicting public relations arising out of the clash of group interests in a democratic society are a natural phenomenon of our political system.

Legislative Relations

The legislative relations of management in the public service are vital because upon them depends so many decisions about what an agency may and may not do. Yet these relations are exceedingly complex and often highly personalized. Moreover, the relations are both formal and informal. And there is always the danger that these relationships may cross into the realm of political manipulation and personal benefit.

In its formal relations to a legislature, the management of any agency is usually much concerned about four legislative committees, two in each house. First, management must usually develop close working relationships with the subject-matter committees of each house. In the Federal government the Secretary of State and his associates have close contact with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs. The Treasury

Department must work closely with the House Committee on Ways and Means and with the Senate Committee on Finance, as well as with the Joint Committee on Internal Revenue Taxation on tax matters, and with House and Senate Committees on Banking and Currency on other matters. The Secretary of Defense and the secretaries of the military departments with their associates are much concerned about their working relations with the House and Senate Committees on the Armed Services. The Atomic Energy Commission has to have close working relations with the Joint Committee on Atomic Energy. So one might go on through the list of legislative committees and the administrative agencies of government. Usually there is one standing committee in each house of Congress which will have jurisdiction over all matters affecting a particular agency, but sometimes, as in the case of the Treasury Department, an agency will have to work with different committees concerned with different phases of its operation. There is not necessarily any close articulation between committees of the legislature and the organizational structure of administrative agencies.

The subject-matter committees are the ones which consider any extension or modification of existing legislation under which an agency operates as well as any new legislation affecting an agency. Sometimes the request to make changes in legislation will originate with the management of an agency; sometimes it will originate with an interest group or simply out of the personal concern of an individual legislator. In any event, management is almost always eager to express some opinion about the merits of pending legislation, and the committees are usually desirous of obtaining this administrative judgment. Under the Legislative Reorganization Act of 1946, moreover, the standing committees have authority to undertake an investigation at any time of any phase of the work of an administrative agency falling within the jurisdiction of a committee (Sec. 134 of the Act of Aug. 2, 1946).

In addition to the standing committees of each house, the management of an agency also has close working relationships with the appropriate subcommittee of both the House and Senate Committees on Appropriations. These subcommittees consider each year the appropriation requests of an agency and in effect practically decide what an agency may spend on its various programs. These subcommittees, furthermore, may decide what restrictions if any shall be imposed upon the expenditure operations of particular agencies.

But the management of an agency sometimes finds that more than just four committees of the legislature are interested in its work. In the Federal government both the House and the Senate have standing committees on government operations (previously termed "committees on expenditures in the executive departments"). These committees have the duty of receiving and examining reports of the Comptroller General about illegal expenditures by administrative agencies, of "studying the operation of government activities at all levels with a view to determining its economy and efficiency," of considering legislation on budgetary and accounting procedures, of considering legislation on administrative reorganization, of "evaluating the effects of law enacted to reorganize the legislative and executive branches of the government," and of studying intergovernmental relations within the United States and between the United States and international organizations. This is obviously a very broad charter of investigative power conferred upon the two committees, and as a result the work of any agency of government may come under scrutiny at some time by one of these committees. Moreover, either House, whenever it is disposed to do so, may create a special investigative committee to inquire into the operations of a government agency.

Formally, it is the duty of top-management officials in a government agency to appear before one of these legislative committees whenever asked to do so. Furthermore, an administrative official may desire to use the device of a committee hearing to announce some new policy or to recommend a new piece of legislation. But many administrators have found it desirable in practice to remain on a close personal basis with the chairman, the ranking minority member, and the chief of the committee staff. Thus, for example, many budgetary matters may be discussed informally without resorting to official legislation.

The extent of the legislative relationships of an agency may become quite burdensome. The number of different committees which in 1942 wanted testimony from the newly appointed chairman of the War Production Board was so great that Mr. Nelson for a time spent more days "on the Hill" than in his own office. This kind of situation is very likely to happen when a great new agency or program of work in which there is much general interest is being launched. Throughout World War II the War Department had a little staff of three full-time persons attached to the undersecretary's office just to receive requests for information from the "Truman committee," the Senate Special Committee Investigating the National Defense Program. These inquiries were referred to various offices for investigation and preparation of replies, and then all data were channeled back to the committee through the special office. The special adviser also arranged for the appearance of War Department personnel whenever the committee desired to hold a formal hearing on some matter. The War Department had another special office for maintaining relations throughout the war with the House and Senate Committees on Military Affairs, and the budget officer of the department maintained constant contact with the two appropriations committees.

It is quite common for individual legislators to refer complaints or questions from their constituents to the proper administrative agency for investigation. The results of such an inquiry are then sent back to the legislator for transmission to the resident of his state or district. Most of the time legislators are satisfied with the answers they receive from an administrative agency, but sometimes a great deal of criticism arises aimed at persuading an agency to adopt a different course of action. At all times, inquiries from individual legislators must be handled with great care and respect by the management of an agency.

Occasionally, agencies may be subject to pressure from legislators to locate field offices in a particular place, or to leave alone a field office once it has been located in a particular place, or to undertake special projects of interest to the legislator, or even to give some special consideration to a constituent. When these requests come from a member of the appropriations subcommittee, they are difficult to disregard. All such requests require careful attention. When there are good reasons for noncompliance, certainly the legislator must be told them in straightforward terms. Pressures for the appointment of constituents to administrative posts have greatly lessened since civil service regulations have been applied to most Federal agencies, and such pressures have diminished in our state and local governments with the expansion of civil service practices. But this whole matter, too, requires special attention by management.

Nothing said here has been intended to suggest that the legislative relations of management are in any way questionable or unethical. On the contrary, these relations are crucially important in the effective operation of any agency. Most legislators are hard-working, sincere, able men. They are properly interested in the work of government agencies. They respect administrative officers who deal with them frankly and openly, even when they do not personally agree on matters of policy. Legislators are usually quick to spot the administrative officer who tries to conceal information, who is condescending in tone, or who knows very little about his own operations.

An alert and wise management gives thoughtful attention to its legislative relations.

Conclusion

The public relations of the public service cannot be separated from the politics of government. The very essence of government in our society involves the conflicting interests of competing groups, and the genius of politics is to build a varying consensus among these groups sufficient to achieve and maintain political power. The top administrator appointed for reasons of political allegiance and loyalty is a participant in this process. The management official appointed for his technical capacity is a participant, too, by the very nature of the political implications inherent in the administrative work he directs. In consequence, the public relations of management must ever be conditioned by the broad political context in which it operates as well as by the peculiar political circumstances of any one time or place.

Management in the public service has an obligation to inform all who are interested about the progress and problems of administration. The informational base of a democratic society can never be taken for granted. The facts of government service deserve constant reiteration. Management "ballyhoo" obviously can never be a substitute for management achievement. Indeed, it has been well said that performance plus reporting equals public relations.[32] Much of the reputation of an administrative agency results not from what management says but from what employees do. If a staff takes its public contacts seriously, if it endeavors to render service promptly and to explain its inability to act as requested courteously, if it gives the external impression of work properly done, then the task of public relations by management is immeasurably aided.

Public relations is knowing what the public expects and explaining how administration is meeting these desires. Public relations is the assurance that past failures or mistakes will not recur. Public relations is advising about the problems of the future. But public relations can never be a substitute for good work well done.

The direction of the work of an administrative agency includes the obligations of public relations. In a democracy direction depends upon public understanding, public alertness, public sympathy, and public support. The management which plans without a concern for public reaction may as well not plan at all. A management whose supervisory practices are not continually alert to the impact of administrative work upon the public has exercised no supervision at all. A management which cannot or does not learn from, inform, and advise its public does not know the meaning of management.

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[32] Eleanor S. Ruhl, *Public Relations for Government Employees: An Action Program* (Chicago: Civil Service Assembly, 1953). This little pamphlet is full of good practical suggestions about the conduct of a public-relations program in the public service.

The work of management, then, begins with the common task of providing direction for an administrative agency in order that public purpose may be translated into public service.

PART TWO

The Common Problems of Work Operation

CHAPTER 7 *Organization as a Technical Problem*

Management must do more than provide direction to an administrative endeavor. It must facilitate administrative activity by handling certain common problems of operation as well. These problems are chiefly four in number: the organizational structure for group effort, the budgeting of activities, legal counsel and guidance of activities, and the recruitment and retention of the necessary personnel. These four subjects are our concern in this part of the volume.

Organization is the structural framework within which the work of many individuals is carried on for the realization of a common purpose. As such, it is a system of work assignment among groups of persons specializing in particular phases of a general task. But organization, especially in the public service, is more than just a structure of working relationships. In the second place, organizational arrangements reflect certain governmental expectations as well, expectations which arise out of the political processes and governmental practices of our society. In addition, organization is people working together, and so it takes on the characteristics of human relationships which are involved in group activity. In terms of the social psychology of group effort, we may say that organization sets up patterns of expected behavior for people working together.

The administrative organization of governmental services is usually specified in more or less degree by law. Our legislatures serve as the primary architects of administrative organization in the public service. Occasionally in our state governments some administrative agencies are specified in the constitution. Most city agencies are set up by charter provisions enacted by the state legislature or approved by the voters in a referendum. The legislative interest in turn is supplemented by the interest and concern of the chief executive. Sometimes the chief executive by law is delegated power to create specific agencies to carry out the broad tasks authorized by the legislature. Sometimes the chief executive is given the power to reorganize administrative agencies. In any event, the chief excutive may desire certain organizational arrangements and will use his influence in various ways to achieve those goals.

We shall not endeavor here to explore the "politics" of administrative organization in the public service. There are various factors and influences which motivate legislatures and chief executives in determining the broad outlines of organizational structure for governmental activities. These political factors in organization deserve far more attention by students of government than they usually receive, but their discussion is properly a part of the whole subject of the "politics of public service" and so has been left to another volume. We need to understand clearly here that the organizational discretion of management in government administration is necessarily circumscribed by the provisions of law. Departmental and other administrators have only such authority to organize their work as has been left to them by the legislation which they are engaged in carrying out. Management may, of course, endeavor to persuade chief executives and legislatures to make changes in organization, but action is then left to the pleasure of the chief executive and legislature. It is only within prescribed limits that management may create, shift, and abolish the various units of an agency's organizational structure. Indeed, even where there are no legal limitations as such, political considerations may nonetheless suggest caution in changing government organizational arrangements, such as closing a particular local field office. One of the first organizational tasks of management is to understand the extent of the political interests concerned with the internal operating structure of an agency. These interests necessarily have to be accommodated in some degree.

Organization is also a problem, as we have mentioned, in human relations. The major aspects of this subject are considered in the following chapter. It must be borne in mind, however, that these factors of group relationships in organization serve to qualify the aspects of organization which are our principal interest in the present chapter. Organization can never be separated into neat compartments labeled respectively "political," "technical," and "social." We separate them here only for convenience of discussion. In practice, these three fundamental considerations in constructing and reconstructing organization are closely meshed.

Yet it is the proposition of this chapter that there are certain "technical" factors in organizational practice, that these factors have been identified from a great deal of human experience and observation in many different types of activity, and that the knowledge of these factors can and does serve as a guide to management in making organizational decisions. Indeed, the writing in this field is quite substantial. From all this thought we shall extract the essential elements to emphasize here.[1]

Work Specialization

Organization becomes a necessary feature of group activity because of division of work among persons and groups. The accomplishment of a common purpose by a group depends upon some structure of work specialization. A division of activity is the only way in which a mob can be transformed into a cohesive, purposeful, and constructive group of persons. Moreover, we have found from experience that any large-scale effort, from running a local community endeavor such as a school system to providing for our national defense, requires the efforts of many single individuals. Any group working together must be organized in order to accomplish a common purpose. But, in addition, we have also learned from experience that specialization in individual and group effort promotes improved performance of the common purpose either by increasing output or by reducing the numbers of persons required to do a specific task. The first essential element of organization, then, is work specialization. This is the necessary, indispensable foundation of all group or large-scale effort. From this condition flow certain corollary requirements of organizational life.

The division of work in an agency must be devised in such a way as to promote the realization of the agency's objectives. In other words, organization is closely related to purpose, and any particular organizational structure must represent a reasonable or logical division of tasks involved in accomplishing that basic purpose. It is not easy to apply this, or any other, canon of organizational behavior. But an organizational structure which appeared to hamper or discourage the realization of an agency's basic purposes would be obviously faulty.

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[1] In the literature of organization, the author has found the following volumes most helpful in providing the essential ideas which have grown up about organizational practice: Luther Gulick and L. Urwick, eds., *Papers on the Science of Administration* (New York: Institute of Public Administration, 1937), and especially Gulick's own first paper, "Notes on a Theory of Organization"; James D. Mooney and Alan C. Reiley, *Onward Industry!* (New York: Harper, 1931); Paul E. Holden, Lounsbury S. Fish, and Hubert L. Smith, *Top-management Organization and Control* (Stanford: Stanford University Press, 1941); L. Urwick, *Elements of Admintistration* (New York: Harper, 1943); and John M. Gaus, Leonard D. White, and Marshall E. Dimock, *The Frontiers of Public Administration* (Chicago: The University of Chicago Press, 1936).

In any large-scale effort every major aspect of a job must be assigned to some person or group to accomplish. We shall refer later to the problem of how a general task may be divided. But organization not only begins with a division of work; it requires a division which will encompass all necessary component elements of a general task. An organization structure which omits any essential part of the work necessary to realize a common purpose is also faulty.

There is still a third requirement in division of work. The division of duties must be clearly defined so that those responsible for their performance will know exactly what they are expected to accomplish, and so that each individual and group will understand their relationship to all other component elements of a common enterprise. It is surprising in many agencies to find how often the division of work has been uncertainly defined, with resulting confusion in duties, overlapping and duplication of effort, and poor accomplishment. An organization structure which does not make its division of work clear and certain is faulty.

If these three requirements in division of work are readily grasped, we still face the basic question of all: Just how shall any general enterprise be divided into work specialities? Granted that the division of work should add up to a common purpose, that every essential part of the common purpose should be recognized in the division of work, and that the division of work should be clearly defined, these maxims by no means tell us how to divide up work in the first place. This is, of course, the crucial factor in organization.

Before we start to answer this question, let us observe several qualifications. Some forms of work specialization have developed far back in man's life, even before we have any recorded history. There have been differences in society between farmers and urban dwellers, between warriors and noncombatants, between rulers and subjects, between craftsmen and common laborers. As cultures become more and more complex, specialization tends to advance. Today, in our highly interrelated society, work specialization has acquired far-reaching variety. In consequence, the work specialization which an administrative agency of government recognizes is in large part conditioned by the traditions and customs of work specialization in society as a whole. The development of professions is an acknowledgment of specialized knowledge and skills. Educational practices reinforce as well as reflect these customary specializations in work. Moreover, the state of knowledge in any society influences the practices of work specialization. The larger the body of knowledge, the greater the probable degree of specialization which occurs in a society. Work specialization may also be affected by group habits and by the sense of public propriety which exists in a society. No administrator ever constructs an organization out of whole cloth. Even when he starts a new agency, he has behind him accumulated experience, knowledge, professions, and traditions upon which to draw.

Apart from the common problem in all organization of accommodating the need for geographical specialization—a separate problem to be discussed below—organizational theory recognizes four major kinds of specialization by which work may be divided. The first of these is usually labeled "specialization by purpose," the second is "specialization by process," the third is "specialization by clientele," and the fourth is "specialization by product." Although each of these types of specialization is fairly easy to define, no hard and fast line of demarcation is possible. Some shading of one kind of specialization into another is not unusual. Moreover, these various types of specialization are not necessarily mutually exclusive in an organization. In some administrative agencies two or more types of specialization may be found functioning along side of each other. This situation is not necessarily faulty, at least in the present state of knowledge about organization.

One other factor must be emphasized at this point. We are here concerned with *operating* organization, with the structure which exists to perform the various parts of the end purpose of an agency. Operating organization is to be distinguished from *management* organization, which is a separate and peculiar kind of organizational problem. This will be considered in a later section. At present our concern is exclusively with work specialization in performing operating, or end-purpose, activities.

Specialization by purpose means division of work according to a subdivision of the component ends or objectives of an agency. For example, a treasury or finance department in government is usually the agency for collection of taxes. The common basis for organizing this work is to divide the collection of taxes into various particular taxes to be collected—between property taxes and sales taxes at the local level or between income taxes and customs taxes at the national level. The component elements of the Department of Defense are ground forces, naval forces, and air forces. The component elements of the national Housing and Home Finance Agency are public housing, public guarantee of private-housing finance, and supervision of private-housing finance agencies. The Tennessee Valley Authority has had as its major operating units water control, power, and chemical engineering.

Perhaps the meaning of specialization by purpose can be illustrated by a contrast. During World War II the War Department had a single command, or operating agency, set up to provide the supply support both for commands training troops in the United States and for commands directing overseas combat operations. This purpose of supply support was divided internally by type of commodity handled, a basis of specialization about which we shall say more later. If this primary purpose had been organized into component purposes it would have been divided into such units as research and development, procurement (purchasing and production expediting), storage and distribution, repair and maintenance, and transportation. But the supply support agency of the War Department was not actually organized in this way.[2]

Sometimes one finds the educational purpose of a public-school system organized not by age group and area served but according to subtypes of education: common schooling, classical education, scientific education, and vocational education (which may be further subdivided into commercial education, mechanical, and other particular trades).

These examples represent specialization by dividing basic purposes into component purposes and the creation of organizational groupings accordingly. Such work division is quite common in organizational life. Sometimes it has been argued that this type of specialization is the only desirable, or even the only possible, method of subdividing work. There does not seem to be any conclusive evidence for such a theory. Sometimes it has been argued that specialization by purpose seems somewhat difficult to differentiate from other types of specialization. Yet the concept has proved to have meaning in actual practice.

Specialization by process usually describes division of work according to certain well-recognized techniques involved in performing some end purpose. For example, engineering is commonly thought of as a process, a specialization of technique in doing some work. Law work is a process or technique. Accounting and statistics are other processes which often find organizational recognition. In a municipal public works department which not only constructs public buildings but also operates certain services such as road repair, sewage disposal, and garbage and waste collection, it is not unusual to find an engineering division which handles the engineering processes arising in all these separate activities. In a regulatory agency concerned with price fixing it is common to have a unit which brings together all the accountants who obtain data about the financial operations of a public utility. Some agencies concentrate in a law bureau all the work involved in preparation of formal cases for presentation to a court of law because this requires a special kind of process, no matter whether the subject is labor law, tort law, fair-trade law, or some other subject-matter specialty. There have been agencies which grouped all statisticians in a single unit on the grounds that this specialized process of collecting and analyzing some particular kind of data was one which ought not to be mixed with any other activity. Many state public-health departments are organized into three groups of specialists—doctors, sanitary engineers, and nurses—representing different professional or process approaches to the end purpose of promoting public health. Most professions tend to advocate organization by process because this method recognizes their separate and distinct difference from other groups.

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[2] The author has recounted this organizational problem in detail in his book *The Organization and Role of the Army Service Forces*, a volume in the series "The War Department in World War II" (Washington: Department of the Army, Historical Division, 1954), available from the Government Printing Office.

Specialization by clientele is another fairly common kind of division of work. The Department of Agriculture, the Department of Labor, and the Veterans Administration are outstanding illustrations at the department level of great aggregations of work brought together on the basis of a particular clientele dealt with. Within the Department of the Interior, the Bureau of Indian Affairs is another example of an operating unit organized according to clientele. Within a grade-school program the basic division of work is usually by age group, each child of the same age receiving the same common elements of education. In a medical-care program it is common practice to divide patients by the kind of illness from which they suffer, such as tuberculosis, venereal disease, and mental disorders.

Specialization by product is more often found in business than in public administration, but is common in any procurement organization. We have already mentioned the division of work in the Army for supply support of troops. This activity was divided upon the basis of kind of supply designed, purchased, stored, distributed, and repaired. One agency provided weapons and ammunition, another food and clothing and general supplies, another communication equipment, another construction equipment, another transportation equipment, and another chemical-warfare supplies. A similar system existed in the Navy. In agricultural administration it is common to subdivide certain types of work, such as a research program, between cereal crops, fruits and vegetables, and animal husbandry.

All these types of specialization may be found in organizational practice, and may be found existing along side of each other. The problem an administrator must face is which type is preferable for his particular operation. There is also the question whether some one pattern consistently practiced is preferable to a mixture. Some organizational surveys, such as a recent one on the New York City school system, have been critical of what has been called "unrelated," "haphazard," and "confused" organizational planning. Undoubtedly, in an agency which grows up over a period of time with changing and varied purposes to carry out, such adjectives may be an entirely accurate characterization of its organization.

Yet if there is any clear, convincing, "best" solution to organizational structure, the author does not know what it is. A decision among various possible bases of work specialization is still a matter of art, a matter of subjective judgment by the administrator and his advisers. They must determine upon the basis of their best thinking the particular type of division of work which seems best calculated to achieve their desired ends. If it were not for the human factors to be described in the next chapter, it might be possible to experiment with organization and so accumulate, perhaps, some empirical evidence about satisfactory performance by different organizational types. This would be possible if we may assume for the moment that there were some concrete, satisfactory data which would permit a comparative evaluation of different types of organizational structure. For the present we can only say that our knowledge does not warrant any general conclusion or theory about a preferable type of work specialization to be used by an agency in carrying out its end purpose or purposes.

Organizational experience does permit some comparison of advantages and disadvantages among these various types of work division.[8] Specialization by purpose centers administrative attention upon end results and brings together the various talents needed for their accomplishment. On the other hand, this type of specialization may be weak in promoting improved processes and techniques important for future advancement. Also there is likely to be a tendency toward autonomy among the component organizational units. Specialization by process may promote development or application of the latest skills, and may advance certain professional career opportunities. Yet it does not necessarily concentrate attention upon end results of an enterprise and may require a considerable degree of coordinating supervision. Specialization by clientele is a convenience for those whom an agency serves, but may require a wide variety of talents and facilities not all of which may be fully and effectively utilized. Product specialization in purchasing and supply operations recognizes differences in indus-

[8] This has been attempted primarily by Gulick, in his "Notes on a Theory of Organization," in Gulick and Urwick, eds., *op. cit.*

trial practice but again may be wasteful in personnel and facilities which might be used to handle a number of different products needed for a common purpose.

The simple fact is that organizational structure is not some standardized, interchangeable, and mass-made product ready and waiting for any administrator to use. Organization is custom-made by people, circumstances, situations, and conditions. It calls for constant management attention. We shall say more about this later. But work specialization, although a common and indispensable characteristic of group effort, may be arranged in a wide variety of patterns. Which pattern seems preferable for any individual circumstance is a decision which has to be made in the light of a particular situation by the best available judgment.

Organization for Supervision

Besides work specialization, a second technical characteristic of organization is hierarchy, which means the grouping of related activities into a formal structure of direction and supervision. When a large number of persons are required in order to achieve some large-scale result, whether it be the construction of a dam, the delivery of the mail to a large city, or a tactical operation by a military force, some structure is necessary in order to bring many persons and many talents into harmonious and common endeavor.

The concept of hierarchy is best illustrated in military organization. For tactical operations by present-day ground troops, the primary unit is a division, which has varied over the years from 10,000 to 15,000 men. The division is a level of supervision, or an echelon of command, in military organization. Experience has indicated that in many tactical situations the division is a unit of endeavor capable of accomplishing desired military results. The division in turn is comprised of a hierarchy of component units—regiments or combat teams, battalions, companies, platoons, and squads—to name them in descending order. On the other hand, divisions may be grouped into corps, and corps may be grouped into armies. This structure as a whole is often compared with a pyramid, rising from many basic units into a smaller and smaller number of intermediate steps until it eventuates in a single level of direction. In the civilian public service we usually term this top level of direction a "department," and the top administrator the "department head." But there is no common nomenclature for this hierarchical structure, although the designations "bureau," "division," "section," and "unit" in descending order are often found.

Organizational structure may be examined from two different perspectives. One point of view may be called the "top-down" outlook, and the other one the "bottom-up." In terms of grouping units for purposes of supervision the top-down point of view begins with a general purpose or some other basis of work specialization and proceeds progressively to divide this into component elements of specialization. When a new government program has to be administered, such as foreign economic assistance, it is customary to begin the organizational planning in this top-down fashion. Each recognized level of operating specialization becomes in effect a level of supervision, a step in the administrative hierarchy, an echelon of command.

On the other hand, in analyzing the accumulation of government activities which has grown up over a period of time, management may take the bottom-up point of view. A number of different programs and varied administrative practices are common in this kind of situation. The problem then becomes how these should be interrelated or grouped into a hierarchical pattern of organizational structure. Thus, at the time of Pearl Harbor, the Chief of Staff in the War Department found that there were at least 45 major operating units subject to the supervision of himself and his staff. And even this was not a complete listing, because there were as many more smaller units presumably subject only to his direct command. The organizational problem in wartime with its great expansion of work was how to group these various units. Although the pressure for reorganization came from the top, the point of view had to be one of looking at activities from the bottom up to determine which were interrelated in such a way as to be combined into new supervisory groupings.

There are several technical considerations which can be identified as influencing decisions about organizational hierarchy. First, there is the concept of "span of control." This idea asserts that an administrator or supervisor in an organizational structure should have a limited number of subordinate operating officials under his direct supervision. Just how limited a number cannot be answered with any finality. Some writers on organizational problems have asserted that seven subordinates is all any one person can effectively supervise, but this appears to be based upon some mystical regard for the magic properties of the number seven rather than on empirical evidence.[4]

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[4] Note the following quotation: "The 'three and seven rule' is a very important one in this matter of division. When one divides, it should, if possible, be into not less than three, and not more than seven parts. If there be less than three, there is a great temptation for the head to interfere and take personal control of one or both the divisions under him. Also, where the divisions are equal in all respects, two is too small a number to get any of the benefits of friendly compe-

How many persons or groups an administrator should try to work with depends upon many considerations, such as his personal interest and capacity, the competing demands upon his time, and changing circumstances. In an administrative situation where the work load is more or less constant, where the nature of the work arouses little controversy, and where routine long established directs actual work processes, an administrator or supervisor may deal directly and personally with a large number of subordinates. In other words, how many subordinates an administrator should have depends upon how much supervision he feels it necessary to exercise. Yet the idea behind this phrase "span of control" has validity. This is one important consideration in grouping activities for supervisory purposes.

A second consideration is the matter of determining just how related are various governmental activities. It is easy to say as a general proposition that closely related activities should be grouped together under common direction in order to promote coordination and in order to ensure full use of specialized personnel and facilities. As a general canon of organizational structure, there is much experience to reinforce such a proposition. Again, this is not a simple standard to apply. Just what are closely related activities, and how closely must work be related in order to justify a grouping under common direction? For example, what do educational activities and public-health programs have in common that they should be grouped together in the Federal government under a single executive department? What do Indian affairs, irrigation, mining and geology, and fish and wildlife have in common that they should be grouped together under a single executive department? The answer would seem to be that there is very little common interest in these activities but that they have been grouped simply in order to lessen the supervisory duties of the Chief Executive.

But the merging of three different government agencies concerned with housing activities in order to make up the Housing and Home Finance Agency suggests a high degree of common interest, even if very different programs and techniques of administrative action are carried out by the three agencies.

For many years a national defense organization with separate departments of war and of navy seemed satisfactory. Then in World War II experience indicated that there was a high degree of common

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tition. When the number of divisions is more than seven, there are too many to inspect and control adequately. It is not always possible to divide according to the 'three and seven rule'—geographical or other considerations may forbid; but, where possible, everything should be done to secure it." E. G. Hart, "The Art and Science of Organization I," *The Human Factor*, vol. 7 (October, 1933), pp. 337–338.

interest between the Army, the Navy, and the Air Force. Not only was a new executive Department of Defense created in 1947, but internal organization within the department has been a continuing postwar concern. A somewhat different illustration of the same consideration may be drawn from World War II experience inside the War Department. As we have noted, supply support was basically organized into seven services assigned the duty of procuring and distributing supplies on the basis of commodity specialization. Yet it was obvious that this work was highly interrelated, since troops were not properly equipped unless they had all their clothing, weapons, trucks, ammunition, fuel, food, and communications equipment at the right place in the right amounts at the right time. It was therefore an easy organizational decision to make which brought all these supply "bureaus" under common supervision.

A third consideration in organizational hierarchy is the desirability of avoiding an excess number of supervisory levels. Every level of supervision means more than an administrator. It means a management staff as well. It means a check point through which communication up and down the organizational hierarchy must flow. In other words, experience has indicated that it is possible to "overorganize" work, to create unnecessary levels of supervision, which result in a "layering" of management staff with consequent expansion of personnel needs and some possible delay in carrying out administrative effort. In the past, organizational thinking has given too little attention to the danger of excessive hierarchy of positions, but this fault is becoming increasingly evident in some organizational practice.

There has been another consideration which some writers have emphasized in the past: the desirability that each person should have only one superior, not two or more. This idea has even been given the status of a doctrine labeled "unity of command." Today, it is generally recognized that this particular canon of organizational practice, like that of "span of control," is subject to qualification. In practice, most units of organization do have only one superior administrator, but he speaks necessarily through a number of assistants. If one insists upon the fiction that no staff aide ever has any identity apart from the personality of the individual administrator, the doctrine of unity of command may continue to have some validity. But in actual operation special assistants to administrators speak to subordinate administrators and their associates, and the technical "advice" and "information" they give are indistinguishable from orders. Unity of command may then mean that there should be only one top specialist giving advice on planning or budgeting or statistics, but even this is not always the case. The least statement that can be put forth as an organizational guide is this: too many supervisors concerned with the same or similar phases of work create confusion and even failure in administrative operations.

We may summarize by observing that work specialization results in a hierarchy of administrative authority, and that this hierarchy consists in large measure of various levels of management exercising the power of direction over various units grouped together for supervisory purposes. The number and characteristics of these groupings are major technical issues in the organizational structure of administration. The considerations which determine these groupings include a concern to prevent too many units subject to common supervision, a concern to bring related activities under common supervision in order to promote common interests, and a concern to avoid excessive levels of supervision. The application of these considerations to any given situation is a matter of personal judgment. In some circumstances one factor may be given greater attention than another. Thus, in the War Department, personnel activities were grouped with supply activities for common supervision, even though it was difficult to find any basis of common interest. The reason appeared to be that the Chief of Staff as top military administrator believed it essential to have three subordinate commands within the United States rather than four. Under the circumstances there is no objective criterion which would permit a critic to say that this was a faulty organizational decision.

Field Organization

Almost every government administrative agency must confront and solve the problem of field structure. The work of government must be done where the job is: dams must be built on rivers, forests must be managed wherever forest land has been assembled, mail must be delivered all over the country, foreign relations must be conducted in foreign capitals, customs duties must be collected at ports of entry. One might go on almost indefinitely. Even if the claims of geography were not self-enforcing, organizational experience has demonstrated that one of the useful bases of work specialization is area. If all income-tax returns are not to be handled in the nation's capital, the job may be divided up by collection districts. If all school children in a large city are not to be required to attend one large central school, schools may be located in various areas of the city. For reasons of necessity or administrative convenience, decentralization sooner or later becomes a major element in organizational structure.

At the outset of this discussion let us mention a few of the peculiar complications which make the subject of field organization a difficult one. In the first place, geographical factors have a time-honored importance in the political tradition of our country. Local government obtained an early vitality in many of the colonies, and it was the states which created the Federal government of 1789. The subject of both state-local and of Federal-state relationships in our scheme of government is far too extensive to embark upon here. We must be content to observe that these relationships do exist and necessarily complicate the field organization of the public service. For example, some administrative agencies are created by state governments primarily to supervise the performance of activities of state-wide interest but actually conducted by local units of government. This is notably the case in the field of primary and secondary education and in the field of public-health activities. Similarly, some Federal government administrative agencies have been created primarily to supervise work of a national interest actually carried on by state governments. This is the case in such fields as agricultural extension work, highways, old-age assistance, unemployment compensation, airport construction, maternal and child health, and water-pollution control. These administrative relationships are usually carried out by the grant-in-aid device which provides for financial support of programs actually performed by another level of government, subject to certain restrictions and powers of oversight. In these instances the state or local unit of government provides the area of operation and the top administrative office has little if any discretion in creating any field organization of its own.

Our Federal system of government has encouraged this grant-in-aid arrangement for some types of administrative activity. The body of study in this field of administrative federalism is quite sizable.[5] It is clear that the grant-in-aid device is used when the Federal government wishes to reinforce a state activity by equalizing funds available for an activity or by setting certain minimum standards of service.[6] Sometimes, moreover, it has been resorted to where there was some doubt whether the Federal government had the constitutional authority to undertake an activity. Some state governors in recent years have been insistent that still other programs ought to be administered through the states. The states have been under similar pressure to increase their grants to local governments.[7] Indeed, fiscal pressures arising out of tax administration have had much to do with most of the recent discussion of grant-in-aid practices.

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[5] *Federal Grants-in-aid* (Chicago: The Council of State Governments, 1949); George C. S. Benson, *The New Centralization* (New York: Rinehart, 1941); Henry J. Bitterman, *State and Federal Grants-in-aid* (New York: Mentzer, 1938); Jane Perry Clark, *The Rise of a New Federalism* (New York: Columbia University Press, 1938); V. O. Key, Jr., *The Administration of Federal Grants to States* (Chicago: Public Administration Service, 1938); Austin F. McDonald, *Federal Aid* (New York: Crowell, 1928); Edward A. Williams, *Federal Aid for Relief* (New York: Columbia University Press, 1939); J. Kerwin Williams, *Grants-in-aid under the Public Works Administration* (New York: Columbia University Press, 1939).

[6] Cf. *The Principle of Equalization Applied to the Allocation of Grants in Aid* (Washington: Federal Security Agency, Social Security Administration, 1947).

Although the use of state or local government machinery under the administrative supervision of Federal or state agencies provides a pattern for accommodating the geographical factor, it is not the usual or necessarily the ideal way of solving the problem. Most of the work done by the Federal government is performed through geographical areas which are fashioned in the discretion of the Federal administrators. State boundary lines are sometimes ignored, and at other times are combined to make desirable areas of effort. The great disparity of states in physical size and in population, as well as the artificiality of some state boundaries in terms of economic, social, and geographic unity, makes the states unsatisfactory administrative areas. State administrative agencies frequently make the same criticism about the use of local government boundary lines in carrying out their activities. Moreover, Federal administrators find that supervisory relationships with states are delicate to maintain, and state administrators find the same thing true about their relations with local governments. And in at least one instance, that of unemployment insurance, the resort to the states as administrative areas has complicated the encouragement of labor mobility and has led to the conclusion by some investigators that a "national unemployment compensation system should replace the federal-state system as soon as possible."[8]

The whole subject of administrative federalism belongs properly in a full consideration of the political factors which determine organizational structure. It seems a reasonable conclusion to state that Federal administrators, given their own free choice and motivated primarily by technical as well as personal considerations, prefer to set up a field organization of their own devising and completely under their own control. The same generalization again may be made about state administrators. Accordingly, we shall pass by any further attention to Fed-

[7] *State-Local Relations* (Chicago: The Council of State Governments, 1946).

[8] Raymond C. Atkinson, *The Federal Role in Unemployment Compensation Administration* (Washington: The Social Science Research Council, 1941); and William Haber and J. J. Joseph, "An Appraisal of the Federal-State System of Unemployment Compensation: The Need for a Federal Plan," *The Social Service Review*, vol. 15 (June, 1941), p. 231.

eral-state and state-local administrative relationships in this present discussion.

At the same time, it may be appropriate to note that Federal administrative officials working "in the field"—which means any place outside Washington—frequently do build close relationships with state and local government officials and do cooperate with them on many common concerns. This is a necessary phase of most field operations of Federal and of state agencies, even when the actual program involved is being carried out solely under the administrative jurisdiction of the Federal or state agency. The Work Projects Administration of the depression in the 1930's, for example, was a national agency with its own field structure, but its operations required very close working relations with state and local governments. The same is true of many other Federal agencies, from the Federal Bureau of Investigation to the Army, Navy, and Air Force.

There is another aspect of the so-called "field problem" which need not occupy us here. This is the whole subject of so-called "regionalism." In considerable part this subject of regionalism, which endeavors to identify cultural, economic, and social unities in a few large areas of the United States, is not concerned with administration at all.[9] On occasion there has been some rather loose talk about using regions as subunits of our Federal structure rather than the present states; perhaps it would be more accurate to say that occasional thought has been given to reducing the number of state governments and to enlarging their boundaries to coincide with some pattern of cultural, economic, social, and geographic unity. But this again is obviously not a matter of management discretion in the public service, and it is management discretion which is our major focus of interest in this volume.

In a few instances state governments have endeavored to broaden the scope of their administrative activity beyond the severe limitations of their own boundary lines through the device of the interstate compact. Perhaps the most notable achievement in this whole field has been the Port of New York Authority set up by compact by the states of New York and New Jersey and administered by a board appointed by the governors of the two states.[10] But the interstate compact has been employed in other fields as well, such as water utilization and river-basin sanitation, forest-fire protection, marine fisheries, and higher education.[11] There is a growing tendency, moreover, for states to create new units of government for *ad hoc* purposes with boundary lines embracing a whole metropolitan area, such as sanitary districts, transportation districts, health districts, and consolidated school districts.[12] Moreover, voluntary cooperation among local governments on many matters, such as public health, fire protection, and education, has helped to rationalize local government areas.[13] Technical considerations of work load, to be discussed in a moment, have brought about these readjustments in local service areas. At the same time, a concern for local participation in the control of government causes many citizens to oppose consolidation of governmental units. Again this is a problem that the administrator cannot solve, although he can and does help to mitigate some of its most glaring deficiencies.

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[9] On regionalism in general see Howard W. Odum and Harry Estill Moore, *American Regionalism* (New York: Holt, 1938); and Merrill Jansen, ed., *Regionalism in America* (Madison: The University of Wisconsin Press, 1951).

[10] Cf. Erwin Bard, *The Port of New York Authority* (New York: Columbia University Press, 1939).

There is only one major administrative agency in the Federal government organized to operate in a single geographical area; this is the Tennessee Valley Authority. The unique characteristics of this agency in its regional and corporate aspects have led the former chairman of its board to laud its virtues. He has spoken of the TVA as "democracy at the grass roots," as "decentralized administration of centralized authority." He has found its peculiar satisfaction in the agency's jurisdiction over the "seamless web" of land and water; in the broad discretion given to administrators living in the region; and in the practice of widespread consultation with and utilization of local public and private institutions.[14] Yet others who have examined the Tennessee Valley Authority without the enthusiasm of the participant aware of real accomplishment have been less inclined to praise.[15] It seems generally agreed among most students of the problem that a national agency is desirable which will have unified jurisdiction over river development in its navigation, flood control, irrigation, power, and other aspects, and that the subordinate operating units of this national agency should be organized on a river-basin, that is, on a geographical, basis. But this would be a different organizational arrangement from the separate valley authority idea. A national program must first of all be organized on a national basis if it is to ensure similar treatment of similar problems throughout the entire country, if it is to make economical use of central services like research, and if it is to restrain sectionalist tendencies by promoting concern for the national interest.[16]

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[11] Frederick L. Zimmerman and Mitchell Wendell, *The Interstate Compact since 1925* (Chicago: The Council of State Governments, 1951).

[12] To illustrate the literature on the problems of area in metropolitan government one recent volume will suffice: Helen L. Jones and Robert F. Wilcox, *Metropolitan Los Angeles: Its Governments* (Los Angeles: The Haynes Foundation, 1949).

[13] To illustrate the cooperative movement in metropolitan administration see Margaret Gorsuch Morden and Richard Bigger, *Cooperative Health Administration in Metropolitan Los Angeles* (Los Angeles: University of California at Los Angeles, Bureau of Governmental Research, 1949).

[14] David E. Lilienthal, *TVA—Democracy on the March* (New York: Harper, 1944).

[15] See especially C. Herman Pritchett, *The Tennessee Valley Authority* (Chapel Hill: University of North Carolina Press, 1943); and Charles McKinley, *Uncle Sam in the Pacific Northwest* (Berkeley: University of California Press, 1952).

This brings us, then, to a brief account of the technical considerations which influence the administrator of a national or state government agency in establishing his own field structure. The first factor is a concern for the work load. Field organization is necessary at those points or in those areas where there is an administrative task to perform. Ordinarily the number of administrative areas will be determined by the size of the work to be performed. A maintenance district of a state highway department, for example, would be laid out primarily in terms of an area sufficiently large to utilize both equipment and work crew on a full-time basis. In other words, the work load should be large enough to require efficient use of specialized facilities and personnel. Moreover, it has usually seemed desirable more or less to equalize the work load among various administrative areas.

A second factor has been a concern for convenience of the clientele of an agency. How far should a child be expected to walk to reach a primary-school building? Should health centers be established in various areas of a city in order to encourage expectant mothers and others to make use of the facility, or should there be one major health center? Should every county-seat town in an essentially rural area have agricultural offices available for ready consultation? A concern for the convenience of clientele may encourage use of administrative services, if this is desired, but it also may require more offices and more personnel than the efficient use of facilities and personnel would dictate. Thus there may be a conflict in organizational planning between the consideration of field-work load and the consideration of convenience for the clientele. Some kind of adjustment or compromise between the two is often necessary.

The problem of boundary lines for field administration also presents some difficulty. One aspect is the question whether the field districts of Federal administration should observe state boundary lines. Some field districts do not and others do. Much depends upon the nature of the work of an administrative agency and the degree of intimacy required with state and local agencies. Obviously, in an agency concerned with development and use of a river's water resources, the watershed area, not state boundary lines, is of primary importance. Obviously, in the Social Security Administration which works closely with state welfare agencies, state boundary lines are important. A procurement organization for one of the Armed Forces would obviously be concerned with boundary lines which marked off major industrial areas, regardless of state boundaries. On the other hand, states are important in the housing work of the Federal government because so many aspects of housing construction fall under state and local government control. In general, Congressmen favor a field structure which strictly follows state lines because it is the states which are the important units of the election process in this country. Sometimes administrators endeavor to avoid too close an identification with particular state boundary lines in order to prevent excessive interest in an agency's work by local political organizations.

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[16] McKinley, *op. cit.*

Another problem of boundary lines is whether there ought to be common practices among various agencies in constructing their field areas. Today Federal agencies follow their own particular interest in setting up field activities. The Bureau of Internal Revenue has one set of boundary lines, the Census Bureau another, and the Bureau of Labor Statistics still a third, and so on. In the procurement activities of the War Department during World War II, every one of the eight procurement "bureaus" had its own separate field pattern and no two were the same. Moreover, the War Production Board had one set of regional boundary lines, the War Manpower Commission another, and the War Department still a third. Yet all were closely related in a common task. A great deal more attention needs to be given to the desirability and feasibility of common field boundary lines among Federal agencies and among state agencies.

A number of major industrial and transportation centers throughout the United States are beginning to emerge as field centers—cities like Boston, New York, Philadelphia, Atlanta, Cleveland, Chicago, St. Louis, Denver, and San Francisco. The number of Federal offices located in these cities has become substantial indeed. The question then arises whether collaboration in the field among various administrative agencies might be encouraged if more agencies used common field headquarters. The objection is that such a practice would simply add further to the congestion already so troublesome in most cities. Nor is office space and personnel readily available when the Federal government moves into any one city on a large scale. A scattering of field offices has a number of technical advantages. Needless to say, Congressmen too look upon a dispersion rather than a concentration of field centers as a sort of "sharing of local benefits" from Federal administration.

Another problem is that of levels of field organization. In Federal administrative terminology the words "regional" and "district" office are commonly employed to indicate different types of field units. Usually the district office is the basic operating unit in the field, actually performing the work of the administrative agency. Sometimes, for reasons of both work load and convenience, a district office may set up subdistrict offices, although as a general rule this practice again means additional staffing requirements. Regional offices, then, usually are intermediate supervisory offices directing the work of a number of district offices and standing between them and the headquarters office in Washington. In other instances the regional office may be the only kind of field office which a Federal agency maintains outside the nation's capital. The "layering" of field offices is a matter which requires careful attention. During World War II when the Army operated some 100 major military posts throughout the United States, it seemed clear that the supervisory task was too great to be handled just from Washington. As a result an intermediate layer of nine regional offices was used to supervise the actual performance of central instructions by these post commanders. During the war an organizational study suggested that six rather than nine regional offices could amply carry the supervisory work load, but this reduction was not actually accomplished until after the end of the war. On the other hand, the Veterans Administration in 1946 set up 13 regional offices to supervise some 70 district offices at a time when its work activities were greatly expanding.[17] These regional offices were never able to demonstrate fully their utility, the Washington office being unwilling to convey extensive discretion to them, and the district offices resented the injection of a new level separating them from the central headquarters. Moreover, staffing the regional offices with competent personnel proved difficult. As a result the Veterans Administration abandoned the 13 regional offices in 1948 and decided to supervise the 70 district offices directly from Washington. The Hoover Commission "task force" which looked into this situation did not find any reason to criticize this change.[18] It is not easy to determine just how elaborate a field structure any administrative agency needs, but as a general proposition an intermediate level of supervision should not be injected unless there is strong evidence of a real need and unless the headquarters office is willing to confer extensive supervisory authority upon such an office.

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[17] The actual terminology used was different. For some reason the Veterans Administration had employed the word "regional" in the sense in which "district" has been used here. Hence, when the new layer was introduced, the term "branch" office was employed for what was labeled "regional" here.

But the most difficult of all problems in connection with field offices is whether an agency shall decentralize its activities by specialty or by hierarchy.[19] Or, in other words, the organizational choice for an administrative agency is either a separatist field organization or an integrated one. The early, one might say traditional, field pattern has been decentralization by specialty. In so far as Federal administration within the United States has been concerned, it was the bureaus rather than the departments which had early administrative vitality. Hence it was bureau management rather than departmental management which determined necessary field organization. The result was a hodgepodge of bureau field offices scattered throughout the United States. In 1935, for example, the National Resources Committee drew maps of 105 different field areas used by 30 different departments and independent establishments.[20] It has not been unusual even for divisions of bureaus to set up their separate field offices. Thus, one study found nine separate offices of the Department of Agriculture located in the city of Chicago during the 1930's.[21] On the other hand, many of the emergency agencies set up during the depression and during World War II experimented with a different kind, an integrated field organization.[22] The same effort was made by the Army Service Forces of the War Department in World War II.

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[18] Cf. Commission on Organization of the Executive Branch of the Government, *Veterans' Affairs*, a report to the Congress, February, 1949 (Washington: Government Printing Office, 1949).

[19] This terminology was first suggested by Arthur W. Macmahon and the author in 1941. Cf. Arthur W. Macmahon, John D. Millett, and Gladys Ogden, *Administration of Federal Work Relief* (Chicago: Public Administration Service, 1941), Chap. 11. Earlier W. F. Willoughby had used the terms "multiple" and "unitary" field organization. Cf. his *Principles of Public Administration* (Washington: Brookings, 1927), p. 155.

[20] National Resources Committee, *Regional Factors in National Planning* (Washington: Government Printing Office, 1935).

[21] David B. Truman, *Administrative Decentralization* (Chicago: University of Chicago Press, 1940).

[22] In addition to the volume on the WPA cited above, see John A. Davis, *Regional Organization of the Social Security Administration: A Case Study* (New York: Columbia University Press, 1950); Emmette S. Redford, *Field Administration of Wartime Rationing* (Washington: Government Printing Office, 1947); and Carroll K. Shaw, *Field Organization and Administration of the War Production Board and Predecessor Agencies*, historical reports on War Administration, War Production Board, Special Study 25 (processed 1947).

The essence of the difference between the two types of field organization is just this. In the first type, decentralization by specialty, a bureau or division of a bureau, sets up field offices wherever it believes them necessary, and each field office reports back directly to the Washington office concerned with its particular or specialized work. In the second type, an agency sets up a field office which performs all the specialized work of the agency as a whole in a particular geographical area. The specialist reports back to the specialist in the headquarters office on technical matters, but on administrative matters he reports to the field-office manager and the field-office manager reports to the central administrator in Washington. Thus an essential element of decentralization by hierarchy, or of an integrated field organization, is a system of "dual supervision."

The advantage in the first type of field structure is simple. Each bureau or subbureau in the capital sets up a field office according to its own work-load needs and has direct authority over all the work of each field office. There is no "interference" with the field operations of each specialty under this scheme. But there are disadvantages as well. Each field office under this scheme does its work to suit itself, and collaboration with any other office having similar interests is purely voluntary. Moreover, each field office requires a number of services in order to operate—personnel, budget, office, mail, transportation, etc. Many field offices are too small to utilize these services fully; larger offices would result in more economical use of such services. For example, a consolidation of thirteen separate offices in one large city during World War II into a common building under one common manager resulted in personnel savings of 10 per cent of the total previous staff, and these savings were all realized in such activities as mail and messenger service, transportation service, care of the plant, and reproduction service.

But the more important disadvantage in the separate field office is inconvenience to the clientele. For example, it is not uncommon for the Department of Agriculture today to have four or five different offices in a county-seat town, each separate, each in a different location, and each likely to give different advice to an individual farmer. There are separate offices for soil conservation, for farm credit, for production and marketing, for commodity loans, and for agricultural extension (which is state-administered under Federal grants). These various services are not combined into any common program to help a farm as such except in so far as voluntary cooperation is worked out by the local representatives of these various agencies of the department. The result of all this, when one makes local inquiry, is that one finds criticisms to the effect that local operations are in a "state of confusion."[23]

An integrated field structure has the advantage of meeting the principal defects of decentralization by specialization. It does make possible economical operation of central services and it can encourage a common approach among specialists in meeting common problems in the field. Much depends upon the extent to which common elements do exist in the field in the varied activities of Federal government departments and other agencies. In agriculture and in river development it seems apparent that the common interests are very large indeed. In some other fields, such as wages and hours administration and labor statistics, the common interests are less apparent. The major difficulty to the integrated field pattern, apart from tradition based upon past practice, is the one of making a system of dual supervision effective. Only if administrators and specialists learn to work together effectively in a common organization can an integrated field structure be satisfactory.[24]

Whatever the pattern of field organization, supervisory relationships between field office and headquarters are crucial in promoting effective performance of administrative activities. The most common complaint among field officers is that they have too little discretion to meet local conditions, that they are bound by too many regulations and restrictions, and that there is too little awareness of local problems in central offices.[25] We have referred to the whole problem of supervision earlier, but it is well to remember that its most troublesome manifestations usually arise in field-headquarters relationships.

The whole subject of field organization is another part of the larger topic of administrative organization, and another complication which requires continuing management attention and concern.[26]

[23] Cf. *Grass Roots: A Report and an Evaluation* (Washington: Council on Intergovernmental Relations, 1947).

[24] The author has discussed this problem at greater length in *New Horizons in Public Administration* (University: University of Alabama Press, 1945), and in *The Organization and Role of the Army Service Forces,* a volume in the series on the U.S. Army in World War II (Washington: Government Printing Office, 1954). See also James W. Fesler, *Area and Administration* (University: University of Alabama Press, 1949).

[25] Cf. *Washington-Field Relationships in the Federal Service,* a series of lectures and papers (Washington: U.S. Department of Agriculture, Graduate School, 1942).

[26] For a good summary see Emmette S. Redford, "Problems of Mobilization Agencies in Establishing Field Organization," *Public Administration Review,* vol. 12 (Summer, 1952), p. 166.

Management Organization

The fourth and final technical consideration in organizational structure is that of providing the necessary management organization. This whole volume is devoted to the subject of management, and should provide some indication of the scope of management work in a large-scale government agency today. The scope of this work is such that no single administrator can expect to handle its details personally, or to handle it with the aid of a few personal assistants. An administrator must have help, and in a large-scale organization he must have a good deal of help. How much assistance and how much specialization are desirable in providing that assistance are the crucial issues in management organization.

A concern for management organization as such has been a relatively recent interest in the study of public administration. Increasingly the realization has developed that management is meaningless unless adequately organized to perform its duties. This point of view was emphatically expressed in the very first report submitted to Congress by the Hoover Commission in 1949. This report declared: "The wise exercise of authority is impossible without the aids which staff institutions can provide to assemble facts and recommendations upon which judgment may be made and to supervise and report upon the execution of decisions."[27]

Yet there are limitations, too, in this concern for management organization. Specifically, these are the dangers of overelaborate organization and of a tendency for management units to become operating units, to try to do too much. The result is an antagonism between operating officials and management staff. The most that one can prescribe today is that a management staff should learn to behave like a management staff. To this adage one might add a further prescription: A *top-management* staff should behave like a *top-management* staff. Such an admonition is not nearly so circular in reasoning as it may at first seem. It takes real administrative perception for top administrators to learn how to concentrate upon major problems and to learn how to leave details to others, especially to the various operating units. In the general interest which has been aroused in this matter of adequate management organization, too little has been said about keeping management organization small, and keeping it small by careful construction of operating organization and by careful concentration upon a few primary issues where management can exercise a strategic influence upon the entire organization.

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[27] Commission on Organization of the Executive Branch of the Government, *General Management of the Executive Branch*, a report to the Congress, February, 1949 (Washington: Government Printing Office, 1949), p. 1.

Interestingly enough, Congress in the Federal government and state legislatures to a lesser degree in state governments have been suspicious of the development of management organization at the top of an administrative agency. This legislative scrutiny has apparently done much, through budgetary limitations, to keep the size of management organization within bounds. To some extent this dubious attitude reflects the hostility of particularist interests centering around subordinate operating bureaus; to some degree it is prompted by a political concern lest a department head try to aggrandize his status and make himself a well-known public figure; and partly it results from a failure of administrators to justify fully their management needs. But with such a legislative attitude widely prevalent, management is all the more well-advised to construct its own internal organization with care.

As we have noted, the range of management interests in the public service is indicated by the subject-matter content of this volume. In some degree all these aspects of management will in turn be reflected in the management organization. But there are various ways in which these activities may be organized. Except in very broad terms there is no such thing as a standard or common pattern for management organization. Instead, we can generalize only about certain major elements which will usually appear in any particular management structure. The actual arrangement in any given situation will depend upon peculiarities of personality and tradition, internal operating structure, and the nature of the work performed.

In the first place, management needs specialists in providing direction to the work an agency does. Just what kind of specialists and the number of them will depend upon the common problems of the operating organization which management believes it necessary to isolate and emphasize for common treatment. For example, in a procurement organization based upon commodity differentials, the commanding general of the Army Service Forces during World War II found it desirable to set up management units to specialize on purchasing policies (including pricing), production problems (including construction of new plant facilities), research and development, storage and distribution practices, and maintenance operations. In the United States Forest Service, whose operating organization is set up on a geographical basis of ten regions and individual forests, the management organization includes specialists who plan and supervise such common concerns as timber management, range management, wildlife management, fire control, and engineering (mostly construction work). If a unified river-development administration were ever to be created in Washington and then divided for operating purposes into various river-valley areas, it is easy to predict that the management organization would include specialists on flood control, navigation, irrigation, power, and sanitation. Because present operating organization in the Federal government for river development is divided among different agencies specializing in navigation and flood control, irrigation, and power, the top management of each agency has to organize itself geographically in order to emphasize the common interests of each river basin. Thus, the particular assistants an administrator requires in providing the substantive direction of the services performed by an administrative agency will depend upon the particular specializations which it seems desirable to plan and supervise. This direction and supervision necessarily concentrate upon the broad basic purposes of the agency as a whole.

In the second place, management organization ordinarily requires specialized units to handle the operating problems which we are discussing in the present part of this volume, that is, the problems of organization, budgeting, personnel, and legal service. Many government agencies have a general counsel or legal adviser. Where no full-time requirements of this sort exist within an agency itself, management may depend upon the attorney general or corporation counsel (in local government) for such legal assistance as may be needed. Usually there is a budget director and personnel director in management organization. The work of management improvement may be done by a budget office, sometimes by a personnel office, and sometimes by a separate office.

In the third place, management organization will include some units to handle housekeeping services such as plant maintenance, purchase and storage of supplies, transportation and communication, and certain other common needs. We shall be saying more about this matter later in the next part of this volume.

Many administrators attach a public-relations adviser or assistant directly to their own office. This arrangement recognizes that a top administrator must personally represent any agency to the public at large and that he must therefore have some assistance constantly at hand in meeting this duty. In addition, in large-scale agencies, many administrators find it desirable to have a deputy to carry much of his own immediate work, especially in helping to provide internal leadership. Where there is an integrated field organization, the deputy administrator may have a small unit in his office to maintain general contact with the field structure as a whole and to help reinforce the status of the field general manager, who must keep many different specialists working together harmoniously.

There has been an increasing tendency in large Federal government departments and agencies and in some state and local government departments to have a single administrative officer assigned to handle common problems of operations and housekeeping services. For example, the Hoover Commission in 1949 recommended that each department should set up the position of "administrative assistant secretary" to perform "duties of a housekeeping and management nature" and to give "continuity in top management."[28] Usually budgeting, personnel, and central housekeeping services are assigned to such an officer.

But however management may be organized to carry out its duties, there can be no question about the fact that management must be organized in some way, and that management requires the efforts of a number of specialists working together to realize the common ends of any administrative enterprise.

Flexibility

There is still another factor in organization which requires mention. The human-relations aspects of organization—to be discussed in the next chapter—tend often to make for organizational inflexibility. Indeed, in terms of the social relations and expectations of any group, change entails fear of the unknown or unfamiliar. The accustomed modes of work then appear to be the best, almost the only, pattern of administrative effort.

But a management aware of changing circumstances and changing needs may perceive the desirability of alterations in organizational structures. The nature of the work of any agency may shift a great deal over a period of time. For example, when a central agency was first set up in 1940 to guide the defense procurement operations of the Federal government, the initial task was to help the War and Navy Departments to embark upon large-scale procurement. Starved financially as they had been between 1920 and 1940, both departments needed help in recruiting procurement personnel, in devising necessary procurement procedures, and in building up industry relations. Moreover, the fact that there were 8 million unemployed persons in the country and many plants operating far below their production capacity meant that there was little need for any control over scarce economic resources. All this was changed after Pearl Harbor. By this time the two departments had built up their personnel and procedures

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[28] *Ibid.*, p. 37.

STRUCTURAL CHART

Organization of an Administrative Branch

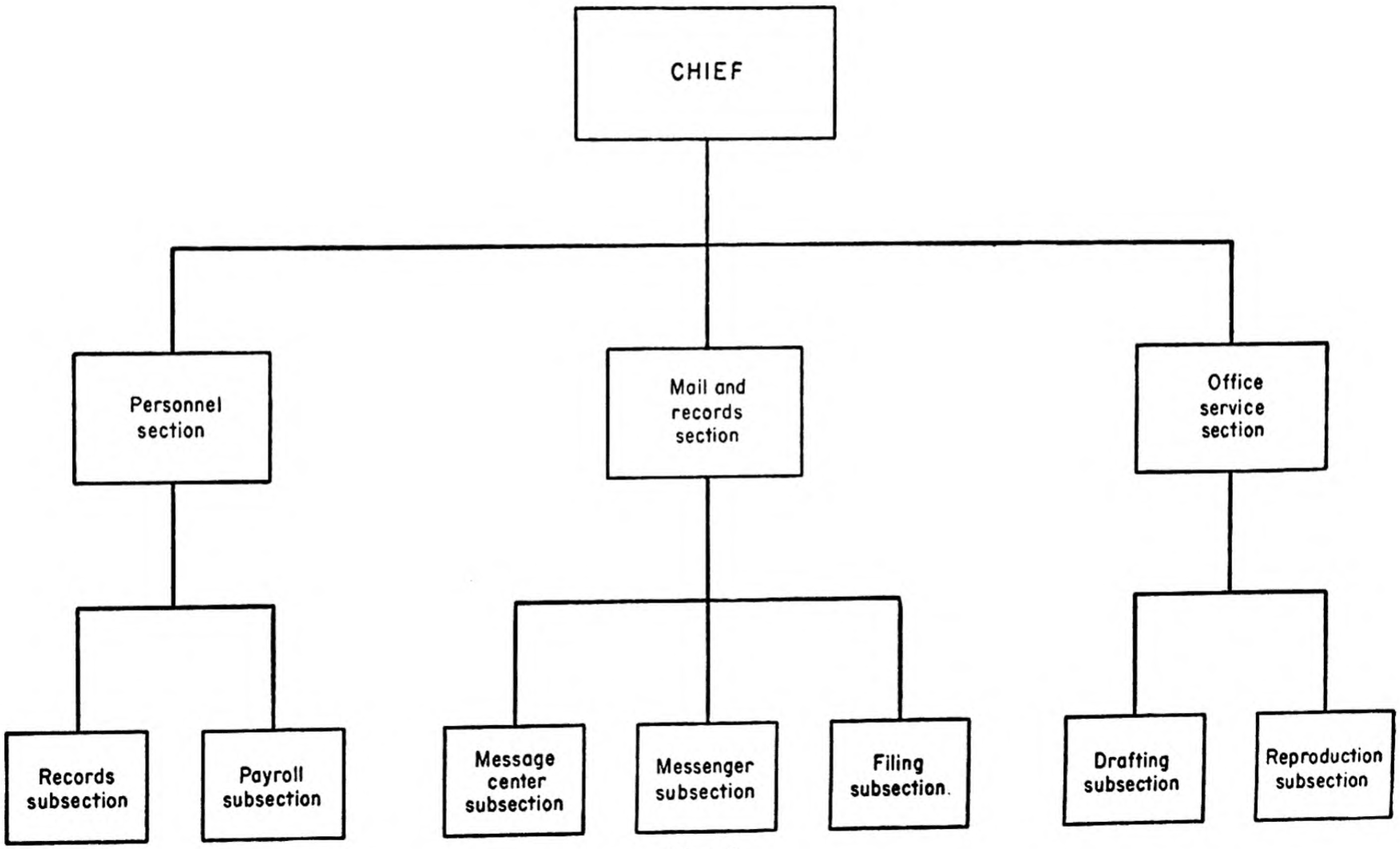
CHIEF
Personnel section
Mail and records section
Office service section
Records subsection
Payroll subsection
Message center subsection
Messenger subsection
Filing subsection.
Drafting subsection
Reproduction subsection

FIG. 3.

for procurement of military supplies. Now economic resources were being taxed to meet both military and other market demands. Hence the nature of the work to be done by a central agency like the War Production Board was quite different from what it had originally been. Yet in terms of personal relationships it was not easy for key members of the staff of the agency to adjust their thinking to new tasks, and it was not simple for top management to adjust its organizational structure to fit these changing circumstances.

In ordinary administrative endeavor the need for change does not appear so dramatically or so quickly as in an emergency. Yet the circumstances and conditions with which the management of any given administrative agency must cope do alter over a period of time. And it is almost always certain that changing conditions will bring with them changing organizational needs.

The problems of organization structure in a fluid, dynamic society are not static. Organizational knowledge and ideas also grow. As a result organization is a continuing problem, one which requires periodic attention by management. Organization has its own elements of growth and change, its own requirements for flexibility. This, too, is an important element in organizational planning.

Charts

It is customary in most administrative agencies to endeavor to make the abstractions of organizational structure more understandable through visual presentation with an organizational chart. This practice is apparently a necessary one; it is useful to draft organizational charts in an effort to help persons to understand the duties and relationships of organizational structure.

Usually organizational charts are of three basic types. The structural chart conveys information about the major component units of the organization. A simplified version of such a chart is shown in Figure 3. The functional chart sets forth the primary duties which each specialized group in an agency is expected to perform. Such a chart is shown in Figure 4. And in the third place charts may be prepared to indicate types and number of personnel engaged in performing the work of each specialized group in an agency. Such a position chart is illustrated in Figure 5. To be sure, there are many possible variations in these types, and even attempts at combination of them.

On occasion an organization chart may become quite elaborate, and even artistic. Charts may even be drawn in an effort to "prove" that some contemplated organizational structure is "bad," such as the charts

FUNCTIONAL CHART

Organization of an Administrative Branch

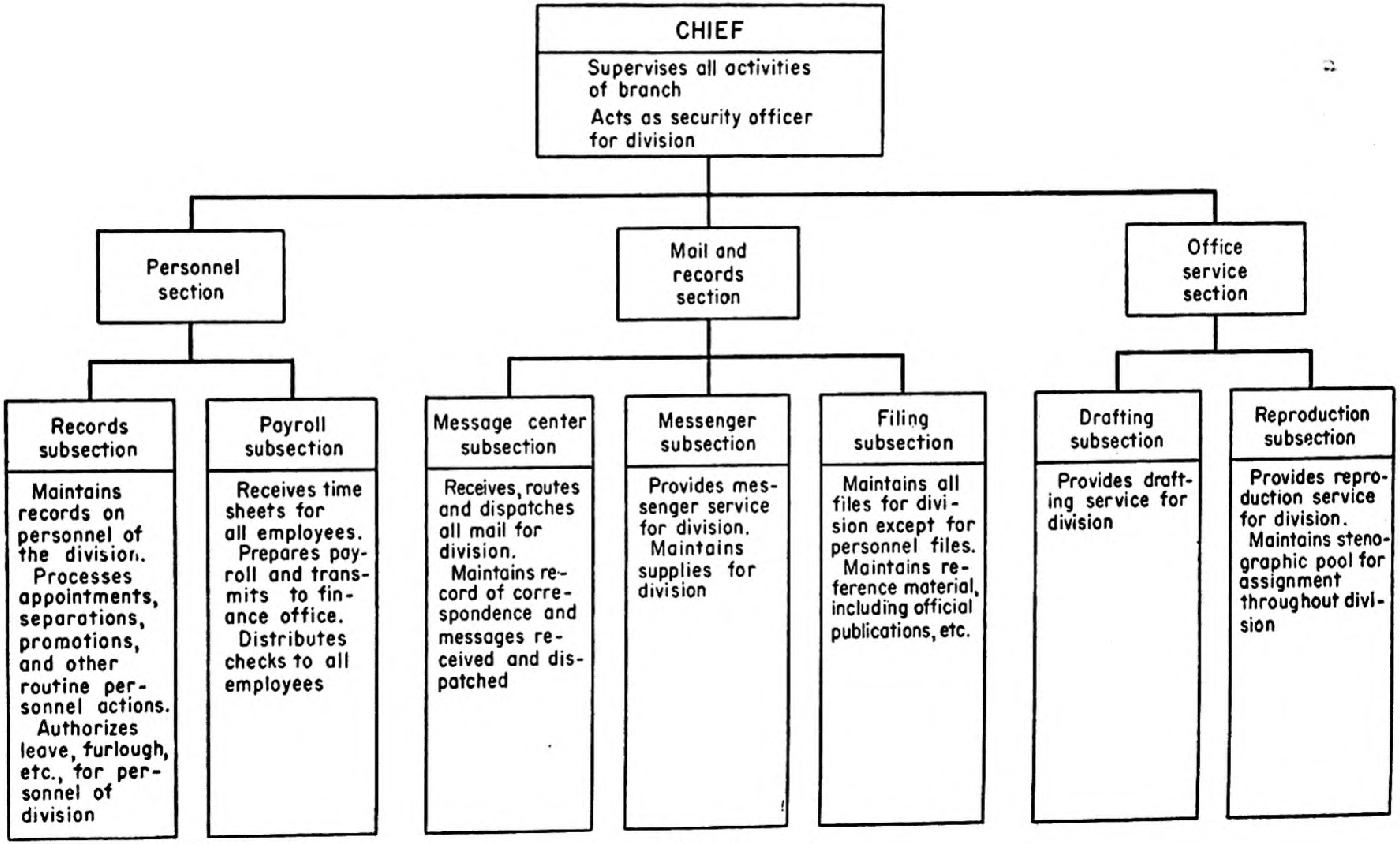
CHIEF
Supervises all activities of branch
Acts as security officer for division
Personnel section
Mail and records section
Office service section
Records subsection
Maintains records on personnel of the division. Processes appointments, separations, promotions, and other routine personnel actions. Authorizes leave, furlough, etc., for personnel of division
Payroll subsection
Receives time sheets for all employees. Prepares payroll and transmits to finance office. Distributes checks to all employees
Message center subsection
Receives, routes and dispatches all mail for division. Maintains record of correspondence and messages received and dispatched
Messenger subsection
Provides messenger service for division. Maintains supplies for division
Filing subsection
Maintains all files for division except for personnel files. Maintains reference material, including official publications, etc.
Drafting subsection
Provides drafting service for division
Reproduction subsection
Provides reproduction service for division. Maintains stenographic pool for assignment throughout division

FIG. 4.

drawn by the Navy Department at the end of World War II to demonstrate that its plan for postwar organization was superior to that of the Army plan. In a series of charts the Navy proceeded to demonstrate that its plan provided for coordination of national security activities, for extensive civilian control of the Armed Forces, for integration of foreign relations and military policies, for adequate strategic planning, for proper consideration of budget requests, and necessary units of supply support. And in all these respects the Army plan was alleged to be deficient.[29]

Organizational charts actually suffer from many deficiencies. In the first place, because of the graphical nature of an organizational chart, there is always a desire to make it artistically balanced and appealing regardless of the realities of actual organizational structure. Indeed, it is difficult to communicate in an organizational chart the relative importance or the relative size of various component parts of an organizational structure. In the second place, because of the need for simplicity of design, an organizational chart can never indicate the full extent of the interrelationships among the component parts of an organizational structure. Yet it is these interrelationships which are often just as vital as the specializations which an organizational chart endeavors to indicate. If an organizational chart were drawn with all the wide variety of crisscrossing communication and cooperation necessary in most organizational groups, a chart would become almost meaningless. And obviously no organizational chart as such can "prove" or "disprove" that an existing organizational structure will be effective or ineffective in realizing the major purposes of governmental activity. Charts may illustrate various factors to be taken into consideration in devising or altering organizational arrangements, but they accomplish little else.

It seems fair to remark that an organizational chart can be a dangerous instrument in the hands of the unwary or unscrupulous. Yet the organizational chart is also an indispensable instrument in thinking about and in communicating the details of organizational specializations in an administrative enterprise. The important fact to bear in mind is only that the organizational chart must be used with care and must not be expected to provide a complete and accurate account of organizational practice.

[29] This document was entitled *The Navy Plan for National Security* and was reproduced within the Navy Department for distribution to Congressmen and a few others whose point of view the Navy desired to influence.

POSITION CHART

Organization of an Administrative Branch

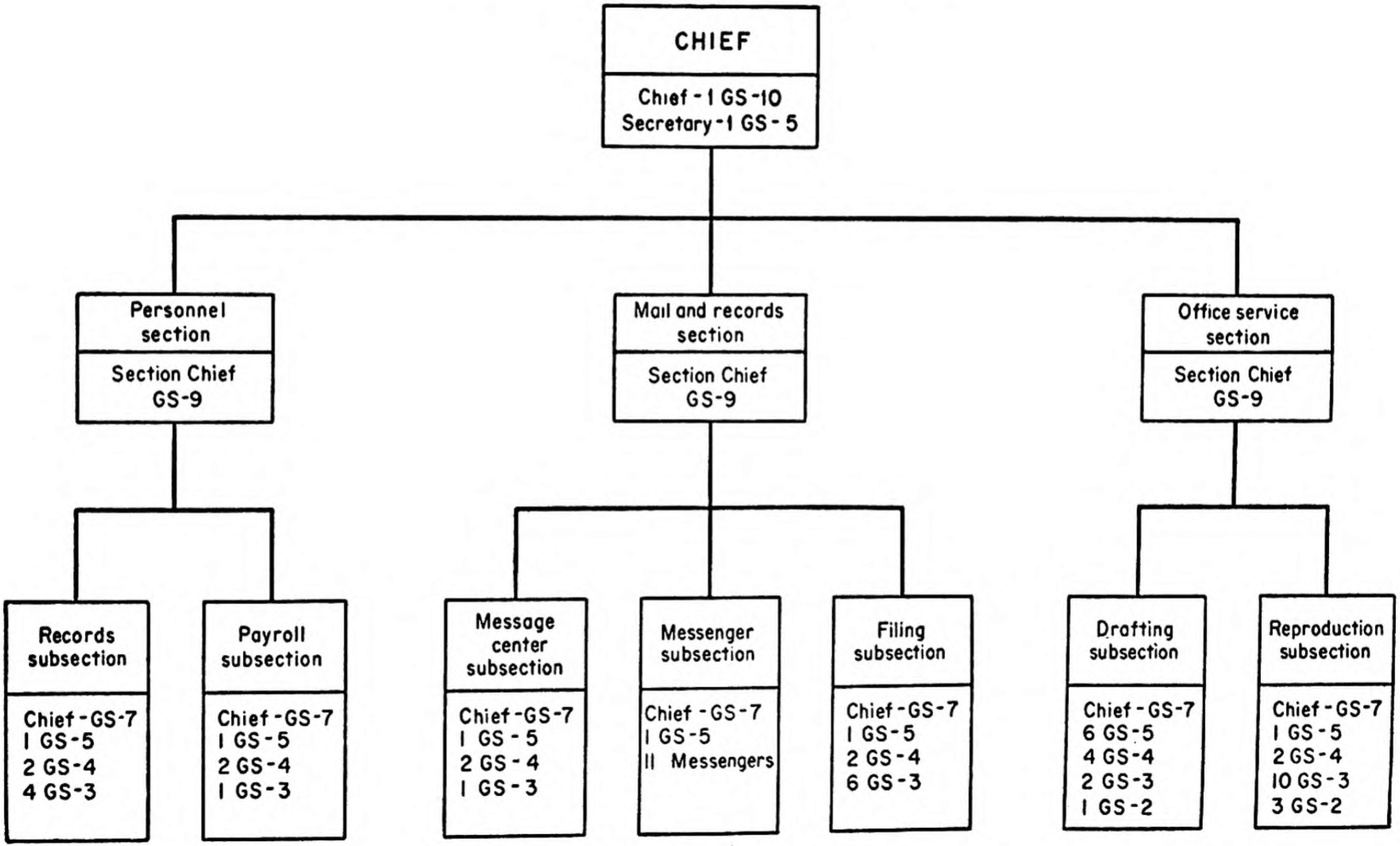
CHIEF
Chief - 1 GS-10
Secretary - 1 GS - 5
Personnel section
Section Chief GS-9
Mail and records section
Section Chief GS-9
Office service section
Section Chief GS-9
Records subsection
Chief - GS-7
1 GS-5
2 GS-4
4 GS-3
Payroll subsection
Chief - GS-7
1 GS-5
2 GS-4
1 GS-3
Message center subsection
Chief - GS-7
1 GS - 5
2 GS - 4
1 GS - 3
Messenger subsection
Chief - GS-7
1 GS-5
11 Messengers
Filing subsection
Chief - GS-7
1 GS-5
2 GS-4
6 GS-3
Drafting subsection
Chief - GS-7
6 GS-5
4 GS-4
2 GS-3
1 GS-2
Reproduction subsection
Chief - GS-7
1 GS-5
2 GS-4
10 GS-3
3 GS-2

FIG. 5.

Principles

From time to time some of the more enthusiastic writers about organization have declared that there are great fundamental truths, or principles, which provide a settled rule of action for organizational practice. More recently these pretensions have been seriously challenged on the grounds that our state of knowledge about organization does not provide any such principles at all.[30] The argument is that no exact forecast of administrative events is possible upon the basis of existing concepts about organization, and that actually there are conflicting ideas about desirable organizational practice.

More recently it has been suggested that in studying organization we should think of "objectives" rather than of "principles," and that in so doing we should recognize other objectives besides efficiency or economy. More particularly these other objectives should include the goal of justice or fairness to the clientele or consumers of administrative service, the goal of speed of administrative action, and the goal of program performance and emphasis. It has even been suggested that some degree of "planned friction" may be purposely desired in organization in order to promote competition or experimentation in rendering administrative service. Moreover, in our political system organizational size may often be regarded with suspicion, both as wielding too much power and as being too cumbersome to realize prompt action.[31]

The idea that there are any immutable laws of organization is not tenable at the present time. Whether we shall ever have any "principles" as a certain base for organizing the public services seems problematical. Yet it is a counsel of despair to say that only our "common sense" can guide us in creating and altering organizational arrangements. The experience and thought briefly summarized in this chapter have given us at best, it would appear, certain maxims, certain guides to administrative conduct. To label these ideas as "maxims" rather than principles is a gesture of modesty. It implies only that our present-day knowledge about organization has proved useful in practice, and that we do possess some helpful considerations to be applied in any particular situation.

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[30] The three volumes which have taken this position most vigorously are Schuyler C. Wallace, *Federal Departmentalization* (New York: Columbia University Press, 1940); Herbert Simon, *Administrative Behavior* (New York: Macmillan, 1947); and Dwight E. Waldo, *The Administrative State* (New York: Ronald, 1948).

[31] Charles McKinley, "Some 'Principles' of Organization," *Public Administration Review*, vol. 12 (Summer, 1952), p. 157.

In brief, these maxims about the technical factors in organization may be summarized as follows. Group effort by its inherent nature requires work specialization. Such work specialization must be calculated to meet the objectives of the group endeavor, must encompass all the essential elements involved in realizing those objectives, and must be understood by the participants. Work specialization may be divided on the basis of component purposes, work processes or techniques, clientele served, or product produced or handled. These various bases of work specialization may be combined in different ways and in different degrees in an organization.

Second, organization is characterized by hierarchical levels of supervision, the number and scope of these levels being determined by a concern for limiting the supervisory burden of any one manager, by a concern for bringing related activities with a common interest under common supervision, and by a concern for simplified lines of communication.

In the third place, organization must provide for the geographical distribution of activities, this distribution depending upon work load, upon a concern for convenience of the clientele affected, upon the desirability of boundary lines common with other agencies, and upon whether decentralization is by specialization or by hierarchy.

Finally, management itself must be organized at each level of supervision to carry out its responsibilities—responsibilities of providing common direction of basic purposes, of providing operating essentials such as organization structure and budget and personnel, and of providing necessary internal services.

Organization as a technical problem is also a continuing problem. In any large enterprise there is a need for the organization expert—the person well educated in organization knowledge and sensitive to organizational circumstances—to examine structural arrangements on a periodic or continuing basis and to recommend desirable adjustments.

Organization is a technical problem on which a good deal of knowledge has been accumulated. Some day this knowledge may advance to the point where more than common sense is available for supplying the details of organizational decision, may advance to the point where more exact predictions about satisfactory or preferable organizational forms may become possible. We do not seem to have arrived at that point yet.

Management

CHAPTER 8 The Human Relations of Organization

It is not enough to think of organization in technical terms. We have mentioned earlier that there are at least two other points of view which are equally important and equally determinative of organizational arrangements in the public service. One of these is the political aspect—the way in which the desires of interest groups, legislators, and chief executives influence organizational structure. The second aspect is the subject of this chapter—the ways in which human or social considerations influence organization.

Organization is people working together. In the public service, as in other formally organized groups, the social behavior of people working together affects organizational arrangements. This subject of the social psychology of organizational behavior has attracted a good deal of attention in recent years.[1] In general, much research and reflection has convinced students that there are peculiar characteristics of group behavior in organization, and that an understanding of these characteristics is essential to a knowledge of organization. Yet thus far there is little in the way of systematic theory about group behavior in formal organization. Certainly few efforts have been made to formulate concepts similar to those which comprise our present knowledge about technical aspects in organization. We shall outline here certain elements which might be incorporated into a general theory about the human relations of organization.

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[1] The volume of literature in this field has become quite substantial. See especially, Chester I. Barnard, *The Functions of the Executive* (Cambridge, Mass.: Harvard University Press, 1938); Herbert A. Simon, *Administrative Behavior* (New York: Macmillan, 1947); Schuyler D. Hoslett, ed., *Human Factors in Management* (Parkville, Mo.: Park College Press, 1946); Robert K. Merton, Ailsa P. Gray, Barbara Hockey, Hanan C. Selvin, *Reader in Bureaucracy* (Glencoe, Ill.: Free Press, 1952); and Robert Dubin, ed., *Human Relations in Administration* (New York: Prentice-Hall, 1951).

One fundamental axiom must be accepted at the outset of this discussion. This is the proposition that large-scale organization is composed of many different groups. For our purposes here we may think of these groups as formally organized units of people in the organizational structure of an agency. From a departmental point of view, groups may be large entities of persons comprising the major operating parts of the organization, such as bureaus. From the point of view of a bureau, groups may be chief component units in its own internal organizational structure, such as divisions. From the point of view of a division chief, the important groups would be the various component units within his organizational jurisdiction. When we speak about groups in organization, there is no standard definition of size or place in an organizational hierarchy which we can employ. Rather, the existence of groups is a common phenomenon throughout all levels of structure of an agency. Some groups are small and cellular in nature; other groups are large and far-reaching in nature, having many subgroups. In speaking about the human relations of organization, we prefer to talk about *component groups* rather than *component units* of an organizational structure.

The Conditions of Group Effort

Whenever a group of persons are brought together to do a common job, they become, in the words of Barnard, "participants in specific cooperative systems."[2] Psychologists and others have long accepted as a fundamental tenet that human beings are disposed to cooperate, to work with one another. From the beginning of Western thought, man has been observed always in dual terms, as an individual and as a social being. This fact has led Elton Mayo, for example, to observe that the strongest human characteristic is man's desire to be continuously associated in work with his fellow men.[3]

The individual disposition to cooperate with others may be taken as one of the major characteristics of group behavior in formal organization. It is this disposition which can be cultivated and utilized for effective endeavor by an intelligent management. To be sure, much of an individual's personal satisfaction in his work depends upon purely interpersonal relationships, that is, upon his relations with the other individuals who make up his primary work group. These relationships, it has been found by industrial research, have much to do both with individual and team productivity and with job satisfaction.

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[2] Barnard, *op. cit.*, p. 16.

[3] Elton Mayo, *The Social Problems of an Industrial Civilization* (Boston: Graduate School of Business Administration, Harvard University, 1945), p. 111.

But these interpersonal relations are not the focus of our interest in studying the human relations of organization. Rather we begin with the existence of a group and are concerned with the reactions of group to group in an organizational structure.

If interpersonal relationships are more or less satisfactory within a working group, the first condition management at a superior level of supervision must deal with is group solidarity. The administrator, as Elton Mayo has put it, deals with "well-knit human groups and not with a horde of individuals."[4] It may be highly desirable for management to know individuals, to be aware of their personal capacities and peculiarities. But management must also think of persons in their group relationships. Management undermines the whole idea of group effort in organization unless it accepts and promotes the sense of any common interest and well-being which exists within groups. Organizational life is impossible upon any other basis.

In the second place, management must understand that group solidarity feeds upon something more than the individual disposition to cooperate. There must be a sense of common purpose also, an awareness of a common goal. More than this, the group must believe that this common goal is worthwhile, that it is useful and beneficial not only to themselves but to others as well. Men work together for something besides the joy of work itself, important though this may be. Men work together because they have a sense of worthwhile accomplishment. A management which promotes this sense of achievement builds effective group behavior within an organizational structure. A management which hampers or belittles team accomplishment tears down the very foundations of group endeavor.

A third condition of cooperative group activity is some degree of stability in relationship to other groups. Bureaucratic jealousy and conflict is a pathological phenomenon which has often been observed. But the normal state of intergroup relationships tends toward harmony and mutual adjustment if for no other reason than the human desire for some degree of certainty in group behavior. It is not at all unusual for one group voluntarily and willingly to compromise a jurisdictional conflict with another group, both because groups usually desire to appear reasonable and rational in their behavior and because groups sense that their objectives may be better realized in an atmosphere of relative harmony rather than in one of conflict. Thus, for example, it is not unusual to observe the Bureau of Agricultural Economics and the Bureau of the Census in the Federal government reaching an agreement about their respective roles in the collection and analysis of statistical data on agriculture. Prompted in part by the external threat of a new administrative agency, the Army Corps of Engineers and the Bureau of Reclamation were able to agree upon a joint program for the development of the Missouri River. Any organizational group tends to desire that its work objectives shall conform with whatever the group over a period of time has built up as its work expectation, and then tends to desire a degree of organizational stability in the pursuit of those objectives.

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[4] *Ibid.*

In the fourth place, group willingness to cooperate with other groups is enhanced or diminished by the system of external rewards or other satisfactions provided in recognition of their accomplishments. Just as the desire to be appreciated is one of the primary satisfactions demanded in individual behavior, so the same desire is a major condition of group behavior. Intergroup conflict may arise out of a feeling of inadequate recognition of the contribution made by a particular group to the common purpose of a large enterprise. Such conflict may be avoided or mitigated by concrete evidence of appreciation. It is a common mistake of our times to believe that recognition is tangible and meaningful only if it is material, that is, if it entails more money or its equivalent. A good deal of research has convinced many persons that monetary rewards are of lesser importance than the psychological satisfactions which enhance prestige and status. We have commented about this earlier in terms of individual behavior. Here we would emphasize that the same factor is at work in motivating the group behavior which makes up an organizational structure.

The organization of a large enterprise must be thought of in terms of many different primary work groups cooperating in a common cause. In the absence of such cooperation an organization degenerates into a state of internecine strife which means no organization in any meaningful sense at all. A management concerned to promote internal harmony among the groups which make up its organization has to maintain an environment which recognizes these basic conditions of intergroup cooperation. This means that management must recognize the importance of group solidarity, the need for purposeful behavior, the desire for stability in intergroup relationships, and the concern for group recognition or appreciation. An organizational structure must in some way give due consideration to these motivating conditions of group behavior. Obviously it is not a simple matter to apply these general standards of organizational conduct to specific situations. The art of administration manifests itself in the sensitivity of management to these conditions of group behavior.

It might be thought that the primary organizational good or value inherent in these conditions would be a static life, or at least the absence of any organizational change. In fact, group interests do make organizational change difficult to bring about. The author has seen many illustrations of changes in organizational instructions and in organizational charts which resulted in no concrete evidence of change in organizational behavior. The explanation was simple. No attempt had been made to plan for and to motivate a change in group behavior. The static predisposition of much group interest must be clearly understood if management is to be able to bring about organizational change.

Here, then, is the real challenge to a management which desires to achieve organizational improvement through changes in work assignment or intergroup relations. The desired change must be planned in terms of meeting the conditions of intergroup cooperation outlined here. Unless this is carefully done, past work habits are so strong and so secure as to prevail in spite of any words of instruction about a newly desired mode of behavior.

Any existing organizational structure provides an institutional pattern of intergroup behavior. This pattern is not immutable. In times of crisis, group values may be questioned, or group confidence may be undermined. Then change may be possible. Under noncrisis conditions, organization may be altered by an appeal to self-interest; it may be altered by an appeal to some new normative pattern of behavior based upon common moral sentiment or even upon a utopian goal. In one of these ways change may be rationalized and the group convinced that different expectations of behavior are reasonable and compatible with group values.

If space permitted, it would be useful to analyze these precepts in the concrete setting of one of the major organizational problems of government in our time. This is the problem of organization for national defense. Too much of the thinking that has gone into the effort to construct a new and effective organization of our national Armed Forces since 1945 has been predicated upon a concern with technical factors of organizational behavior. Many of those who have dealt with the problem in greater or less degree have come away with the belief that military high commands are composed of persons who are irrational and uncooperative. The real trouble, the author would like to suggest, has been rather that Army, Navy, and Air Force groups have been highly rational in their concern for what they conceive to be the interests of their group. Each force has certain basic drives: the desire to retain its separate identity, the desire to preserve time-honored traditions, the conviction that it has a unique and essential role to play in national defense, the determination not to be submerged by any other force, and an eagerness for full recognition of its indispensability. The organizational planners for national defense have tended to give too little attention to the conditions which promote or retard effective intergroup relations, and have failed to suggest new organizational patterns which would satisfy these basic drives. Or they have failed to motivate a change in attitude about intergroup relationships which would in turn make a change in organizational patterns effective. It would be highly desirable to study the postwar experience in national defense organization in just such terms as are suggested here.

Group Loyalty

Apart from these general conditions which enhance or retard intergroup cooperation, there are certain other factors which must also be examined in the human relations of organizational behavior. One of these is group loyalty. This loyalty begins ordinarily in the recruitment process. It is fostered by a system of internal training and experience which may continue over an extended period of time. It is reinforced by constant concern for group identity. It flowers in a more or less implicit set of group values.

This situation may be observed in many groups, such as the Foreign Service, the Forest Service, the officer corps of the Armed Forces, and the inspection corps of the postal service. Consider for a moment the field of public-school teaching. Admission of the individual to public employment is based upon certain specialized educational requirements. Promotion or pay increases depend not only upon length of service but also upon continued professional education, of both an in-service and an external nature. Frequent meetings and many professional organizations encourage a sense of community of interest. Over a period of time a well-developed set of group values emerge which emphasize security of tenure, common levels of remuneration, and devotion to group welfare over individual advancement. Needless to say, at the core of all this group loyalty is a firm conviction in vital service rendered the community, a conviction which rests upon solid achievement.

These comments are in no way intended to disparage the profession of public-school teaching. The profession has grown with the highest ideals of service and ethics. Group loyalty under these circumstances is nothing to be ashamed of. But this group loyalty means that there can be little organizational flexibility in the operation of our public-school system, if some flexibility were to seem desirable. These same circumstances are evident in many other government services in our society. The public-school system is by no means unique. Group loyalty is no isolated phenomenon in the organizational life of the American public service.

One complication in group loyalty is worth noting. Often the kind of loyalty we are talking about here is directed to a particular skill or type of work rather than to a particular employer. The public-health doctor may be employed by local, state, or Federal governments. The engineer may work in many different agencies. In other words, the professional man or woman feels a sense of professional loyalty which may transcend loyalty to any particular organizational institution. On the other hand, many government employees are confined in their work to a single government agency, such as the post office, the police department, the State Department. In these instances there is an even more intense degree of organizational loyalty than among the professional or skill-oriented staff.[5]

How does this sense of group loyalty tend to manifest itself in an organizational structure? It is evident first of all in resentment of what appears to be unjustified or uninformed external attack. Proposals for organizational change may be interpreted as just such an attack. Group loyalty is then usually defensive, to be inclined to justify past group behavior and methods of operation, to feel that the only justified change is that which is self-generated, which comes from within the group and which advances through known and trusted avenues.

Any threatened change will be combated by any and all available means, and often by resort to ideological defenses. The author has observed counteroffensives to proposed changes in military organization on three different occasions which resorted to such charges as: (1) the change will introduce "political" generals into seats of power and destroy professional know-how; and (2) the change will introduce the "Prussian" concept of centralized military power. In each of these instances the stereotypes of political generals and military dictatorship were employed to arouse hostility to change feared by one or more groups in the Armed Forces. In each of the instances the stereotype appeared to be irrelevant to the immediate problem at hand. And it makes no difference either that one stereotype may contradict another; logic is no bar to effective exploitation of commonly accepted truisms. It is a common practice in organizational conflict to transfer the technical problem to an ideological issue if this is at all possible. In a setting of emotional obfuscation, the organizational change thought harmful to group loyalty and identity may be avoided.

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[5] This conclusion is borne out by a study which the author had the advantage of reading before publication, made by Dwaine Marvick at the Survey Research Center, University of Michigan.

Apart from this concern about attack, group loyalty also shows itself in positive efforts to promote the welfare of the group in every possible way. Group welfare is often interpreted in terms of more income, improved conditions of work, greater job security. But group welfare means also preservation of group values found in the customary methods of procedure. It is quite common to find that when a group is confronted with the alternative of more individual income but substantial change in work habits or of less income but stable work conditions, the group will voluntarily accept the second choice. Group values inhere in accustomed practice as much as, or even more than, in economic aggrandizement as such.

The perpetuation of group loyalty depends in substantial measure upon the recruitment practices of the public service. It is therefore understandable why any organized group is always much concerned about any apparent substantial change in recruitment practices, either in raising or lowering educational and experience requirements or in altering the social background of prospective members. Group cohesion and like-mindedness are fostered by relatively common social and economic backgrounds. To introduce new and different recruitment practices may be to weaken group cohesion, to encourage divisive counsels and interests. Many organizational changes can be realized in an agency only if a different kind of personnel is brought in to effect the desired new practices. Such action is likely to offend existing group loyalties.

The presence of group loyalties as an essential element of organizational structure is a vital factor to understand and to work with. Again loyalties are not necessarily static. They can be altered. But not quickly, and not with the same facility with which the organizational planner maneuvers the units of an organization chart.

Tradition and Job Security

The role of tradition and the concern for job security are such important factors in the behavior of organized groups that they deserve further comment. Both of these factors greatly influence the reaction of groups to their place in an organizational hierarchy.

Most human institutions have a considerable history. In a time of great crisis our political society may experiment with new activities, with new institutional devices, and with new organizational arrangements. But the story of most government services is a record of gradual accretion, of evolving purposes and methods arising out of social and political conditions which change fairly gradually. The Treasury Department of the Federal government in 1953 was very different from the Treasury Department of 1801 or of 1861; yet the changes had come steadily through the years rather than suddenly.

This development over time of most government activities and agencies means that organization has a history. It has a tradition. The persons who work in an agency acquire these traditions as a part of the process of work adjustment within their group. Usually a work group in a large organization will contain people of different ages. There are the "old-timers," the "middle-aged," and the "youngsters." The official leader, the supervisor or director of the group, may not necessarily be the oldest member, but the old-timers are usually persons of great influence. They have the longest recollections. They can remember the persons long since gone who at an earlier day operated the work of the group. They recall events unknown to others, and are a storehouse of information and advice about current problems in the light of past experience. In this role of re-creating the past, the old-timers pass along the traditions of the group to the others. In due course the middle-aged become the old-timers, the youngsters become the middle-aged. New recruits arrive to refresh the stream of human activity. In this process the traditions of the group are perpetuated; more than this, they are honored and revered by long acceptance.

Tradition is a vital force in the life of any organized group. It is erroneous to think of the role of tradition as somehow confining, restrictive, or deadening. Our whole society depends in large measure for its effective performance upon tradition. The same is true of most if not all administrative agencies. Perhaps no force is so great a factor in keeping any administrative agency in operation as tradition. It is one of the greatest assets which any administrator possesses. It is not to be regarded lightly, or cast aside with careless concern. Tradition is a powerful drive to be nurtured and respected.

One need, then, for an administrator who must work with the various groups who make up an agency is to learn its history. Much of this history may not be recorded. Only recently have some administrative agencies of government made a formal effort to prepare historical narratives about administrative developments. Much of the history of an agency must be acquired by word of mouth, by personal investigation, and by use of various available documents. Simply because a history has never been reduced to an ordered expression does not mean that history is unimportant. Such is by no means the case. Only through an understanding of the past can the administrator hope to deal adequately with the present.

Along with tradition has gone the concern of most groups with job security. Obviously the very foundation of an organized group is the prospect of some degree of continued existence. Most men will not engage in an enterprise which has no future. Occasionally, of course, it is possible to recruit persons for work of limited duration. There are even people who can make a career in serving various temporary enterprises, such as research or investigative agencies set up for *ad hoc* purposes. But this is the exception rather than the rule. It seems probable that when most people go to work, they look for an activity which will challenge their interest and offer some prospect of continued employment.

Once individuals have been incorporated into a working group, job security becomes more than a personal matter. It becomes a primary value of the group as a whole. There develops a mutual or common concern with continued existence. The more one identifies himself with the group, the more the group desire for perpetuation becomes dominant. There may be some persons from time to time who refuse to become fully submerged in the group. There have always been certain outcasts in every society. There have always been deviant personalities. Often some of the most creative work has been accomplished by these individualists. But the forces for social conformity are so great that only a few personalities ever place themselves against the welfare of the group. Continued existence becomes a matter of group interest.

It is worthwhile to note that civil service practices providing for some security of tenure in public administration have been promoted in large part by public employees themselves. At local government levels, civil service regulations for recruitment and retention in the public service have apparently been most rigorously applied to the public-school teachers and to the police and fire services. In the latter instance, identity of the group has been clearly promoted by a common uniform and by common traditions. Moreover, it has not been easy for police officers and firemen to transfer readily to other types of work or to other employers; certainly not in the same degree that many professional workers have been able to move back and forth among employers. In consequence, police and fire groups in most large cities have demanded and obtained some formal rules about job security.

Organizational change which would seem to threaten job security is inevitably regarded with fear and hostility by affected groups. The very life of the group itself may appear to be menaced. Under such circumstances change will be resisted unless some assurance is forthcoming that no violence will be done to past tradition or to the concern of the group for its continued and useful existence.

Status, Prestige, and the Struggle for Power

Obviously any unit within an organizational structure which has identity as a group works under some kind of leadership. This leadership, as was pointed out earlier, may be formal and official, or informal and implicit. When formal authority has been vested in a person whose position in the group is or becomes dominant, leadership is both official and actual. When formal leadership authority is vested in a person who does not enjoy the confidence of the group, some other person can usually be found who exercises implicit leadership of the group. But leadership does of necessity exist.

Intergroup relationships within an organization structure are vitally affected by the ambitions and the objectives of group leadership. Again, because the group identifies its own interests with those of its leadership, because group members feel a personal concern with the fate of their leader, the relationships of various leaders within an organization are something more than a purely interpersonal matter. The concert and clash of personalities within an organization quickly take on the attributes of intergroup interest as well. The leader of a group does not stand as an isolated figure in the affairs of an organization. He is representative of others who have a sense of immediate involvement in his own actions.

In terms of the human relations of intergroup cooperation and conflict, there are three major forces at work in any large organization. Leadership is especially concerned with status, prestige, and the struggle for power. Hence every organization and every top management must make due allowance for these forces, and indeed capitalize upon them for the benefit of the organization as a whole.

Status is an intangible element involving position or place in an organization. Because it is characterized by hierarchy, because it is constructed of varying levels of authority and jurisdiction, organization is necessarily a formal status system. There are certain assumptions about the power to direct the work of others, about duties and responsibilities, which attach to every position in an organization. Because these duties and responsibilities vary, status varies with them. Indeed, social practice throughout most of Western history has always recognized differences in the status of various persons. In general, social status may depend upon age, ancestry, wealth, learning, physical prowess, acceptance or initiation into a privileged group like the medieval church, or occupation (as a public servant or doctor). In a variety of ways these elements of status have been combined or associated at different times. Moreover, it has been possible in many societies for individuals to rise in status and to fall in status under varying circumstances.

Administrative organization is one form of social organization. It, too, has its status system. A bureau chief is more important—that is, he has greater power, rights, and obligations—than a division chief or a section head. Status is more than just a matter of titles, however. It is compounded also of such elements as compensation, office quarters, size of staff, frequency with which consulted by superiors, influence, and recognition. There is a natural human disposition, apparently, for individuals to enjoy differentials in status; many individuals hence seek an upgrading of status in whatever ways are open to them.

This basic element in human behavior has its profound repercussion upon administrative organization. Any organizational innovation which may be interpreted as a reduction in status will be opposed. Any organizational action which may appear to advance the status of another group and leave the concerned group in a static position will be viewed with alarm. In other words, any organizational decision which does not involve some upgrading of status has little appeal for the component groups affected thereby.

One reason why it is so difficult to maintain a standard nomenclature in the organizational structure of government departments and agencies is that such a practice tends to make that structure inflexible and static. Many agencies are constantly experimenting with new designations for internal component groups because of a concern for the status of the group and its leadership. A new title often appears to confer new status.

Anyone who has had extensive experience in government organization has observed the many decisions which are based upon a combination of technical and human factors. One bureau in the Department of Commerce of the Federal government was at one time divided into three "offices" in order to confer new and superior status upon the three units and their chiefs. The position of bureau chief was for a time abandoned. During World War II on one occasion an outside agency complained to the War Department that it was being asked to deal with a unit which it said had too subordinate a status in the organizational hierarchy. The outside agency said it wished to deal only with a unit of the War Department General Staff, and an organizational change was made in internal structure simply to accommodate this concern for status.

Prestige is, of course, closely related to status, but it is not necessarily synonymous. We usually think of prestige in terms of reputation, admiration, renown, and general respect. In an organization these attributes are more than personal characteristics of an individual; they may be enjoyed by a whole group. Usually prestige is founded upon a record of performance which has been built up over a period of years. But prestige may also be acquired by the mysterious practice of a special knowledge or ability which others apparently do not possess or are denied. In any event, prestige is an important consideration to a group in an organizational structure.

Here again arise limitations upon organizational change. Obviously, no person or group desires voluntarily to suffer any diminution in prestige. Every effort will be made by most groups to preserve and advance the prestige which they have currently achieved. Organizational arrangements are expected to enhance acquired prestige, not to destroy or belittle it.

In the third place, all organizations, public and private, contain within them some elements of a struggle for power. This struggle does not engulf the energies of all individuals, or of many individuals in the same degree of intensity. Some persons are satisfied to be followers. Others are almost consumed with an overwhelming drive to attain the highest possible position of status and prestige. Again, such attitudes generally tend to be socially useful rather than otherwise. In the organization of the public service these attitudes in individuals help to advance group performance and achievement.

But organizational decisions must always be viewed in the light of the effect they may have upon this struggle for power which is continually going on. Decisions which appear to give preference to one person over another, to one group over another, may be resented by those who believe they have been disadvantaged. Here again is an organizational consideration which must ever be foremost in the thinking of management.

The Strategy of Organizational Change

Much of what has been written here may appear to be a counsel of despair. It might well seem that organization is by the inherent nature of its human relations inflexible once it has acquired some history and continuity of operations. It is true that any administrative agency in the public service acquires over a period of time its own peculiar characteristics based upon the human factors which we have outlined. Necessarily, we have had to present our observations here in terms of their influence upon continuity of organizational behavior. It does not necessarily follow, however, once an organizational structure has been devised, that practice and operations can never again be changed by top management.

To be sure, there is a common belief among some persons that many agencies in the public service are insensitive to changing circumstances and often unresponsive to their immediate environment. There is a famous story about Lord Kitchener of Khartoum which illustrates this popular belief. When told that the German and Allied armies in France and Flanders in the autumn of 1914 had entrenched themselves from the sea to the borders of Switzerland, the head of the British army is supposed to have remarked: "They can't do that. It's not the way wars are fought." Many administrative groups have been disposed on occasion to take a similar attitude. But this attitude, rather than being the product of some peculiar condition in the public service, is common to most social groups whether they are public agencies, private businesses, or other groups.

It follows that there is a strategy of organizational change which management would do well to understand and practice. There are two elements to this strategy: crisis and consent. It is relatively easy to carry out far-reaching organizational change in a time of crisis. A tidal wave engulfs Galveston and the commission form of government and administration is introduced. A flood swamps Dayton and the city-manager system of administrative leadership emerges. A financial crisis in New York City brings talk about the need for a new charter. Upon the heels of so pervasive a crisis as the military defeat at Pearl Harbor the first great reorganization of the War Department since 1903 followed. And the general-staff system introduced at the insistence of Secretary Elihu Root in 1903 was in great part made possible by the admitted failure of War Department performance in the Spanish-American War five years earlier.

Crisis, then, may bring organizational change, especially if top management is prepared to take prompt action. Often those changes may be effected solely to create the popular impression of adjustment to new conditions. This kind of change in organizational structure may actually be meaningless. But a management which has considered organizational adjustment over a period of time may use the circumstances of crisis to introduce far-reaching changes in a shorter period of time than would otherwise be necessary and which under "normal" conditions would be so disruptive of human relations as to be virtually impossible of execution.

But management cannot always rely upon the fortuitous advent of crisis in order to effect organizational adjustments. There is the alternative choice of the strategy of consent. This means resorting to the slow process of piecemeal and gradual change based upon some long-term goal for organizational structure. Or it means a careful cultivation of understanding among all the component groups of an agency about the purpose of change, and an assurance that the contemplated change will not be destructive of the group values which have been built up over a period of time. We have outlined here what seem to be the essential elements of those group values. The strategy of consent is one of accommodating these values in the process of organizational change. It requires an alert and understanding management to achieve organizational alterations under these conditions.

Summary

An organization is people working together. Hence organization has the characteristics inherent in the human relations of individuals associated in a cooperative effort for a common purpose. People who work together become groups within an organizational structure. Group solidarity arises from a basic disposition of human beings to work with one another, reinforced by a sense of worthwhile common purpose. In their intergroup relations, groups tend toward harmonious adjustment, especially if the constituent group believes that it is receiving ample recognition of its importance.

Group loyalty is especially sensitive to any action which would seem to attack its importance, recognition, or status. Group loyalty is even more concerned to promote group values in terms of remuneration, customary methods of work, and job security. Tradition creates and perpetuates many group values. Moreover, the leadership of groups is personally concerned with its own individual status, prestige, and struggle for power. In a vicarious way the group, too, participates in this struggle. All these factors make for a certain inflexibility in organizational structure. Top management may alter this structure only by a strategy of crisis or of consent.

CHAPTER 9 *Budget Preparation*

The budget for the activities of an agency fixes the magnitude, the scope, and the quality of the services which government renders. In addition, it is a major instrument for management direction and control of the work which an agency performs. No other technique of central influence affords more opportunity for management review of work purposes and methods.

Yet it would be a mistake to think of budgeting in the public service simply as a management tool, important as this may be. Budgeting is far more. It is first of all a work program, a translation into dollar terms of program objectives, and a statement of the various resources required to achieve these objectives. In the second place, the budget as it emerges from departments and as it is presented by a chief executive to the legislature is a statement of major public policy. In a society of limited resources, management and then chief executives must make decisions as between various types of work and as between various procedures. A budget accordingly expresses emphasis or first choices among the objectives of government service. In the third place, the total volume of proposed expenditures and the methods suggested for raising the necessary revenue constitute the fiscal policy of an agency and of a government. In other words, the magnitude and type of expenditure and income by government determine what proportion of all economic effort in society shall be devoted to these services, and in turn this magnitude and type may have profound influence upon the functioning of the whole economy. Government budgets have an impact upon employment, production, price levels, and the distribution of income.

The very far-reaching nature of the public-policy problems which are involved in budgeting means that the budget is a major matter of governmental concern. Forty years ago there was much controversy about whether a comprehensive budget plan should be prepared in the first instance by chief executives or by a board or committee made up at least in part by members of the legislative body. This controversy has been settled generally in favor of the executive budget, in which the initial review of departmental requests is made by the chief executive, aided by a budget office. The chief executive then submits a budget to the legislature which contains his recommendations for the allocation of available funds among the competing departments, and also contains his recommendations for raising the necessary revenues. In most cases—there are some exceptions such as agencies like the Port of New York Authority with a self-contained budget and certain school districts which submit their budgets directly to the voters for approval in a referendum—it is the legislative body which must give the final approval to the budget requests of administrative agencies.

The process of public budgeting has been divided into four phases: (1) formulation of the budget, (2) authorization of the budget, (3) execution of the budget, and (4) accountability for the budget as executed.[1] Our interest in this volume is confined to the first and third of these phases, the formulation and execution of the budget. Moreover, we are interested only in a part of each of these processes, the part which falls within the jurisdiction of management authority in administrative agencies. We shall not endeavor here to deal with the whole process of legislative appropriation or of independent control or audit of administrative expenditures. Nor shall we here endeavor to discuss the role which the chief executive may play in the process of budget formulation and of budget execution. These are subjects properly discussed as a part of the general subject of the legislative and executive role in supervising administrative agencies. We are concerned here only with the management role in public budgeting.

At the same time it must be emphasized at the outset that the very nature and process of budgeting is such that management must necessarily be influenced in great measure by the larger political implications of budgeting. Administrative agencies must prepare budget estimates according to the wishes of the chief executive and the preferences of the legislature. The chief executive must decide just what budgetary information he thinks should be presented to the legislature. Thus, a recent account of budgeting in New York State has suggested that the line-item arrangement (to be explained later) remains in effect because "it operates as an aid to executive dominance" of the legislature.[2] In the Federal government much of the insistence upon budget practice as it existed before 1948 came from Congress; the Appropriations Committees feared change would lessen their control during the appropriation process.

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[1] A. E. Buck, *The Budget in Governments of Today* (New York: Macmillan, 1934), p. 47.

Management, therefore, does not have unlimited discretion in preparing budget estimates. It must operate within whatever instructions it receives from the chief executive who recommends and within whatever expectations it learns about from the legislature which appropriates. The work of budgeting by management is complicated by these external interests which must necessarily be dominant.

At various times budget writers have set forth certain "principles" which should be realized in a budget system.[3] These principles have been defined by such words as "publicity," "clarity," "comprehensiveness," "unity," "specification," "periodicity," "accuracy," and "flexibility." These terms suggest ideas about desirable budget practice. A government budget ought to be published so that legislators and citizens know the general details about what various administrative agencies plan to spend and about how government plans to provide the necessary income. Budgets should be clear to those who use them. They should include all elements of expenditure and income sufficient to indicate the full magnitude of government fiscal operations. Budget documents should be presented in a consistent manner in so far as component elements are concerned. Some desirable degree of detail should be provided, although how much is a matter of disagreement. Budgets should be set up for expressing financial intentions for a definite period of time, usually a fiscal year, and should expire at the conclusion of that time period. Obviously, budgets should be accurate, although the pitfalls of estimating revenues with some degree of accuracy are many. Finally, it is desirable to permit some degree of flexibility in the preparation and execution of budget plans. We shall note as we go along how these various standards of desirable budget procedure work out in practice.

Budget Development

The growth of a budget *system* in American governments is a development of the past forty or fifty years. Obviously, administrative agencies have always had to have some kind of arrangement for determining their expenditure needs, and constitutional provisions have prohibited the actual outlay of public funds except in accordance with appropriations "made by law." But until relatively recently there was no standardized practice in budgeting, no executive responsibility, and no comprehensive method for reviewing both expenditure and income expectations. The reports of President Taft's Commission on Economy and Efficiency in 1912 and 1913 focused nationwide attention upon the unsystematic nature of governmental budgeting practice.[4] Even by this time, under the impact of the efficiency movement promoted by municipal research bureaus, local governments were beginning to improve their budget operations.

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[2] Frederick C. Mosher, "The Executive Budget, Empire State Style," *Public Administration Review*, vol. 12 (Spring, 1952), p. 82.

[3] J. Wilner Sundelson, "Budgeting Principles," *Political Science Quarterly*, vol. 50 (June, 1935), p. 236. For a modification in terms of executive budget machinery, see Harold D. Smith, *The Management of Your Government* (New York: McGraw-Hill, 1945), Chap. VII.

With the passage of the Budget and Accounting Act, approved June 10, 1921, systematic budget practices began in the Federal government. In a short time similar statutory or constitutional provisions were enacted in most state and local units of government. The so-called "budget movement" thus reached a successful conclusion. Yet it was far easier to prescribe a budget system than to build one. Federal, state, and local governments have been struggling ever since to make their budget practices effective and meaningful.

The first element of the American budget system was to strengthen the position of the chief executive in exercising supervision over administrative agencies and in recommending essentials of fiscal policy for consideration by the legislature. This development did not go unchallenged; there were those who saw in the new budget system an undue strengthening of the power of the chief executive.[5] But its defenders were quick to declare that strengthened supervision of administrative agencies by the chief executive meant only that more political decisions were concentrated in hands where political responsibility could be more directly and more centrally exercised.[6] In any event, the new budget system considerably enhanced the position of the chief executive in dealing with administrative agencies, and management has had to adjust to these circumstances.

In the second place, the new budget system was expected, at least by its most enthusiastic supporters, to improve the process by which appropriation measures were handled in the legislature. This improvement was to be evident in more comprehensive and more unified budget information upon which the legislature might act. The legislature was enabled to know the full extent of appropriation requests, and was expected to consider revenue legislation in close correlation with authorized expenditures. But for a wide variety of reasons these expectations, if they were ever widely held, have largely been frustrated. Internal organization and procedure have confined legislatures mostly to the role of criticizing executive budgets, of reducing particular items and increasing others in response to special pressures, and of accepting or ignoring the revenue proposals as the political sentiment of the moment may suggest. Although budget information may be supplied to a legislature in some degree of uniform detail, there is no obligation on the part of the legislature to act uniformly. Moreover, legislative handling of budget detail often acquires a routine of its own which is not easily altered. It is difficult to find much evidence that the new budget system has made much change in legislative handling of appropriations except in so far as the legislature begins now with some more definite guide lines provided by the chief executive.

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[4] *The Need for a National Budget*, 62d Cong., 2d sess., H. Doc. 854, 1912; and *A Budget for the Fiscal Year 1914*, 62d Cong., 3d sess., S. Doc. 1113, Feb. 26, 1913.

[5] Cf. Edward A. Fitzpatrick, *Budget Making in a Democracy* (New York: Macmillan, 1918).

[6] Frederick A. Cleveland and Arthur E. Buck, *The Budget and Responsible Government* (New York: Macmillan, 1920).

In the third place, modern budget practice was intended to give equal emphasis to income and expenditure estimates. One may even go a step further and suspect that the budget system was expected to emphasize economy in government operations and a balancing of income and outgo in terms of available tax receipts.[7] If all expenditure proposals were brought together in one place and carefully scrutinized, then some economies in operation should be possible. If total expenditure proposals were clearly set out against anticipated tax revenues, then a balanced budget could be maintained by cutting expenditures or by insisting upon added revenues. The first director of the Federal budget, Brigadier General Charles G. Dawes, established the Federal budget machinery with a primary emphasis upon economy. Under his guidance a variety of mechanisms were created in order to achieve economies in government "housekeeping" activities such as purchasing, warehousing, public-buildings management, and motor maintenance.[8] The budget process is still regarded as an instrument for encouraging management improvement, as we shall note in more detail later. But events have demonstrated that "economy" is a term which must be carefully defined in an expanding society. If our nation were static or mature in terms of material output, governmental economy might be evidenced by a constant or declining level of government expenditures. In a dynamic society of constant growth, in a nation where some types of government service such as national defense may vary with changing circumstances, the magnitude of government expenditures may also be expected to change. The factors which have influenced changing levels of government expenditures since 1900 have included population growth, the concern with conservation of natural resources, advancing science and technology (for example, the requirement of improved roads for automobiles), industrialization and the relative decline of agriculture as an economic activity, the consequent urbanization and the growing economic interdependence of our society, the growth in national income, the recurrence of economic depression, and international developments.[9] The idea of government economy has been difficult to define under the impact of great changes in American society. Budgeting may help to focus attention upon issues of economy, but social, economic, and political circumstances determine the magnitude of government expenditures.

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[7] See the interesting essay on this subject by Harvey S. Perloff, "Budgetary Symbolism and Fiscal Planning," in C. J. Friedrich and E. S. Mason, eds., *Public Policy* (Cambridge, Mass.: Harvard University Press, 1941), vol. II, p. 36.

[8] Charles G. Dawes, *First Year of the Budget of the United States* (New York: Harper, 1923).

Moreover, the idea of a balanced budget in terms of matching expenditures with tax receipts has had a checkered history in the past fifty years in our country. There is some thought among economists and others which would accept the desirability, or perhaps the necessity, of an "unbalanced" national government budget in times of large-scale unemployment and declining levels of industrial output. An unbalanced national government budget has also occurred in wartime, as during World Wars I and II, not to mention earlier wars. But there is substantial economic thought which emphasizes the great importance of a balanced national government budget in times of full employment and rising levels of industrial output, and even of government surplus over a long-term cycle of national fiscal policy. Certainly there seems little to be said for unbalanced state and local government budgets under any circumstances. But the concept of budget balancing has undergone some change from the meaning which first attached to it in this country at the beginning of the twentieth century.

Observing the trends in rising levels of government expenditure, some students and some legislators have felt that governmental budgeting has been a failure. Their attitude has been that budgeting should have kept government expenditures down. Some even feel that so-called "legislative" budgeting as opposed to executive budgeting would be more conducive to lowered governmental outlays. It may be true that chief executives are especially aware of the demands in society for more or better governmental services, while legislatures are well aware of the burden of taxation upon citizens. But it is doubtful if chief executives are unconcerned with tax levels or that legislatures do not respond to demands, for example, for better roads or more public support for the aged. It can only be said that governmental budgeting continues to be a constant search for adjustment between desirable or necessary levels of government service and of private economic activity in our society.

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[9] See Solomon Fabricant, *The Trend in Government Activities in the United States since 1900* (New York: National Bureau of Economic Research, Inc., 1952), especially Chap. 7.

In the fourth place, the budget system has strengthened departmental management and has given rise to developing techniques of expenditure analysis. The 1921 legislation of the Federal government provided in Sec. 214 that the head of each department and other establishment should designate a budget officer to prepare departmental estimates of expenditures under his direction. Similar legislation or practices have resulted in the growth of the budget function at departmental levels in state and local government administrative agencies. Moreover, with the increased concern for government efficiency which has been evident in the past twenty years in the United States, the budget function of management has increased in scope. It must be emphasized that this more recent concern with budgeting practice concentrates attention upon the preparation of expenditure programs, analyzes services to be rendered in terms of expenditure needs, and makes governmental efficiency a major goal. It is this management interest in budget preparation which is our primary concern in the remainder of this chapter.[10]

Preparation of Expenditure Estimates

The preparation of expenditure estimates involves a threefold approach. Because it is an administrative agency which provides the framework of group activity, estimated expenditures are necessarily prepared in terms of administrative units. Because a work program is the justification for the existence of administrative agencies, a budget necessarily expresses particular service goals to be realized from an expenditure of funds. And because work to be done requires certain specified resources in personnel, plant, materials, and services, a budget is necessarily built up from a calculation of the "input" elements. It is no simple matter to bring all three of these approaches to budgeting into harmonious adjustment.

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[10] On the history of the U.S. Bureau of the Budget, see Fritz Morstein Marx, "The Bureau of the Budget: Its Evolution and Present Role," *The American Political Science Review*, vol. 39 (August and October, 1945), pp. 653 and 869. See also Jesse V. Burkhead, "Federal Budgetary Developments: 1947–48," *Public Administration Review*, vol. 8 (Autumn, 1948), p. 267. For an excellent statement of the management point of view in budgeting, with a plea for adequate budget staffing, see Rowland Egger, "Power is Not Enough," *State Government*, vol. 13 (August, 1940), p. 149.

The management of administrative agencies prepares expenditure estimates necessary to carry on its work. The administrative problem, then, is which element of administrative structure to regard as the primary unit of budget planning. Sometimes the department as a whole may be regarded as the budget unit. On the other hand, bureaus or some other administrative subunit of the department may become the primary budget unit. Both arrangements exist in the Federal government. For example, the Post Office Department for the fiscal year 1954 presented budget estimates for general administration, postal operations, transportation of mails, and claims. Thus, no budget recognition was given to any internal organizational structure of the department. Much the same was true for the State Department, whose 1954 budget estimates were submitted under such headings as "salaries and expenses," "representation allowances," "acquisitions of buildings abroad," "contributions to international organizations," "international information and educational activities," and "government in occupied areas." Here again no internal administrative units as such were recognized in the budget estimates submitted by the department. Yet the major budgetary headings for the Treasury Department for 1954 were Bureau of Accounts, Bureau of the Public Debt, Office of the Treasurer, Bureau of Customs, Bureau of Internal Revenue, Bureau of Narcotics, Bureau of Engraving and Printing, United States Secret Service, Bureau of the Mint, and the Coast Guard. For the Department of Health, Education, and Welfare the budget estimates showed Columbia Institution for the Deaf, Food and Drug Administration, Freedmen's Hospital, Howard University, Office of Education, Office of Vocational Rehabilitation, Public Health Service, St. Elizabeths Hospital, and Social Security Administration. All these were component administrative units of the department. Both these practices—that of treating the department and that of treating a component part of a department as the primary administrative basis of budgeting—are to be found in state and local governments as well.

Sometimes management has little choice in deciding whether the department or a component part shall be the focus of budget estimates. When the legislature specifies all or some of the component parts of a department's administrative structure, it may expect to find those units set forth in the expenditure estimates. Sometimes legislative committees become accustomed to finding organizational units in a budget and then expect to find them thereafter. Certain pressure interests which center in a particular bureau desire the reassurance of finding in the budget exactly what the unit they are concerned with is going to be able to spend. In a department with widely varied tasks requiring different professional and technical competencies, departmental management sometimes feels too uncertain of many details of operation to explain expenditure estimates as a whole to a legislative committee. Bureau or other management must then take over the task, and budget estimates accordingly reflect the jurisdiction of these component units.

To be sure, bureau and division management must always play an important part in budget preparation, as well as in budget execution. Even as budget preparation is an important technique of management direction at the department level, so also it may be an equally important tool in the hands of management at other levels. Yet it does not necessarily follow that these component administrative units must therefore be revealed in the structure of budget estimates. When budgets are drawn in terms of administrative units and are appropriated by the legislature in the same way, organizational structure tends to become frozen in the budget and appropriations practice. Adjustment in organization becomes more difficult than ever under these circumstances. But departmental management must decide just what organizational base to use in constructing expenditure estimates.

A second problem is that of relating budget estimates to work programs. From the point of view of management a budget expresses a work program translated into the common denominator of dollars. To management, and indeed to government as a whole, the important aspect is the volume and quality of service made possible by a particular level of appropriation. Expenditure estimates are only a means to an end. The details of necessary or desired cost of a service should not obscure the larger considerations of objectives to be realized. Chief executives and legislators, moreover, are interested in what is to be accomplished by a given magnitude of expenditure. Thus in a school budget the major factors of concern are the number of students to be taught, the student size of the units of instruction, and the quality (as expressed in personnel compensation) of the instructional staff. The number of buildings to be operated and their condition are other important elements in educational service. In a military budget the major factors are size of the Armed Forces, their state of readiness in equipment and supplies, and how the troops are to be deployed overseas and within the United States. In a welfare budget the vital features are the number of persons to be given assistance and the monetary size of the assistance provided.

If a budget is to be constructed in terms of work objectives, the basic unit of budget planning is a work program. The task of management becomes that of identifying work units to be employed for budget purposes, and of relating costs to goals of service.[11] It is not always a simple matter to match work goals and costs. The accounting system often does not provide the necessary information. Moreover, when work objectives cut across organization lines, some difficulties in allocating cost may arise. But these are minor difficulties which can be overcome when the effort is made to do so. The essential purpose in budgeting by work programs is to emphasize the service return to be expected from the proposed public expenditure.

Budget estimates prepared in terms of program objectives immediately invite a calculation of cost in terms of a unit of output. If it is proposed to spend 43 million dollars to operate 34 hospitals with a combined daily average of 24,000 active beds, obviously it costs about $1,800 a bed to provide hospital care. The easy assumption, then, is that if the active bed capacity were reduced to 20,000, the operating cost could be cut by 7.2 million dollars. This kind of cost analysis has a number of dangers. At any one time it may be possible to ascertain a cost figure for a unit of activity when performed at a particular magnitude. A fluctuation in size of the work load does not necessarily mean a pro rata increase or decrease in expenditures. There may be elements of overhead expenditure which remain fairly constant regardless of the load; such items as operation and maintenance of the plant and costs of supervision may remain more or less constant even with some increase or decrease in load. Even some direct operating costs may fluctuate little with relatively small shifts in work load. Moreover, unit costs do not necessarily indicate the quality of the service rendered. And in certain circumstances it may be more important, as in the Armed Forces, to introduce new techniques of warfare than to achieve some constant or reduced unit cost of operations. These aspects of cost require careful attention and full explanation to legislative committees. Fortunately, the concepts of fixed costs and of diminishing costs with increased output are so familiar to American business that their counterparts in public administration should be fairly easy to explain. Nonetheless, the advice is well given to temper the enthusiasm for unit costs with a full awareness of their defects.[12]

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[11] For an interesting account of departmental budgeting in these terms see Verne B. Lewis, "Budget Administration in the Department," in John M. Gaus and Leon O. Wolcott, *Public Administration and the Department of Agriculture* (Chicago: Public Administration Service, 1940), Appendix A.

In the third place, budget estimates consist of the "input" elements, the resources which must be devoted to accomplishing particular program objectives. These elements may be classified in various ways, but they usually break down into two major categories: personal services, and supplies and services. In the Federal government the following grouping of component elements of cost has been developed:

01 Personal services
02 Travel
03 Transportation of things
04 Communication services
05 Rents and utility services
06 Printing and binding
07 Other contractual services
08 Supplies and materials
09 Equipment
10 Lands and structures
11 Grants, subsidies, and contributions
12 Pensions, annuities, and insurance losses
13 Refunds, awards, and indemnities
14 Interest
15 Public-debt retirement
16 Investments and loans

In New York State the budget estimates for each agency are divided between "expenses of personal service" and "expenses of maintenance and operation," but the schedule for the second indicates such breakdowns as traveling expense, automotive expense, general office supplies and expense, printing and advertising, communication, fuel and utilities, household and laundry supplies, medical supplies and expense, farm supplies and expense, special supplies and expense, repairs, rentals, and general maintenance. Other governmental units employ varying categories of such items of cost. The actual classification of expense elements depends upon the judgment of budgeting and accounting officials.

It should be noted here that in preparing budget estimates of expected expenditures according to input elements, management must depend in large measure upon past experience as revealed by accounting records. Sometimes it is possible to build up an estimate of maintenance expenditures, for example, from a carefully worked-out program of repair and replacement of particular items, such as walks, roadways, window sashes, roofs, etc. Indeed, a definite maintenance schedule for physical structures is an important element in the operating budget of an administrative agency. An item like travel, however, may be determined in the light of past experience or it may be given some arbitrary limit. Purchase of major items of new or replacement equipment can usually be scheduled, but the purchase of numerous small items such as office supplies and ordinary cleaning materials must be estimated according to past experience. The same is true of fuel and utility services. It is especially in recording these input elements that accounting practice makes its great contribution to budget preparation.

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[12] This point was well made, for example, in "Symposium on Budget Theory," *Public Administration Review*, vol. 10 (Winter, 1950), p. 27. The Post Office Department has on occasion prepared extensive statistical information on work performed to be used in explaining the needs for appropriations to Congressional committees. The department has also been authorized by law to make "cost ascertainment" studies of its operations.

With at least three different approaches involved in the preparation of budget estimates, management must decide which is to receive primary emphasis. These three ways of constructing a budget are not mutually exclusive; all make up important steps in budgeting. But within some limits imposed by the instructions of the chief executive and the preferences of legislative committees, management may have some choice in deciding which approach especially to emphasize in budget practice. To be sure, administrative units usually receive first attention, and some accommodation of this factor is essential. When internal circumstances permit, however, there is good reason for management at the departmental or agency level to emphasize budget estimates for the enterprise as a whole. The unity of an administrative agency is thus emphasized and some subsequent flexibility in budget operation may be realized.

As between the work-program and input approach in submitting budget estimates to chief executive and legislature, most government units in America have tended to emphasize the input element. Budget examiners of chief executives and members of legislative committees have generally encouraged this practice. For example, legislators often wish to review carefully just how many persons are to be employed, what the average salary will be, and what the expected distribution of employees will be by rank and salary grade. Legislators are often curious about just how much is going to be spent on travel, upon rent, upon purchase of automobiles, and upon printing because all these are items of cost where there may have been administrative abuse at some time. Since it is these input elements which legislatures usually want to examine with care, it is these which tend to receive the primary attention in public budgeting.

Performance Budgeting in the Federal Government

In 1949 the Hoover Commission declared: "The Federal budget is an inadequate document, poorly organized and improperly designed to serve its major purpose, which is to present an understandable and workable financial plan for the expenditures of the Government."[13] The report went on to say that there was no uniformity in the schedules of appropriations, some representing "huge sums" and others only "small amounts." The Commission then recommended that the whole budgetary concept of the Federal government "should be refashioned by the adoption of a budget based upon functions, activities, and projects: this we designate as a performance budget."[14] The Commission illustrated the difference in budget emphasis by two examples, one for medical service in the Navy and one for the Forest Service. The existing form emphasized the input elements for Navy medical care, with a detailed listing of personal services and a summary of proposed expenditures for transportation, supplies, equipment, and for other "objects" of cost. The proposed form emphasized the medical care to be provided by an outlay of 43.6 million dollars, involving an average daily medical-care load of 18,696 sick and injured, the maintenance and operation of 34 hospitals, 2 medical supply depots, 6 schools for training medical personnel, 11 research centers, and 432 medical installations ashore. The principal headings employed in the performance-budget breakdown were not objects of expenditure but services, such as medical and dental care afloat, medical and dental care ashore, care of the dead, instruction of medical-service personnel, medical and dental research, medical service in island governments, and central administration. Even more supporting detail was provided in the second presentation than had been given in the first. Estimated expenditures by input elements were prepared as before. The real difference between the two forms of budget presentation was simply one of emphasis, the previous practice calling attention primarily to proposed "objects" of expenditure, while the recommended practice emphasized purposes of expenditure.

The performance-budget recommendations of the Hoover Commission were accepted by President Truman in 1949, and beginning with the budget presented to Congress in January, 1950, for the fiscal year 1951, budget preparation in the Federal government has emphasized performance rather than objects of expenditure. The latter data are still prepared and given to the Congress. It must be emphasized that performance budgeting does not dispense with attention to the details of input. It simply subordinates such detail to work-program goals or load.

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[13] Commission on Organization of the Executive Branch of the Government, *Budgeting and Accounting*, a report to the Congress, February, 1949 (Washington: Government Printing Office, 1949), p. 7.

[14] *Ibid.*, p. 8.

More recently, in 1953, the Mayor's Committee on Management Survey in New York City recommended that the existing method of preparing and presenting budget estimates be changed by establishing "in its place appropriations based on programs and on performance standards, with reports showing funds expended and work done."[15] The report illustrated the difference by reproducing a part of the budget for the Department of Purchase with a long list of 175 personnel positions, and the various other input elements (supplies, materials, equipment, contractual services, and fixed charges). The Mayor's Committee noted that this information gave no indication of the size of the purchase operation handled, the number or average amount of the purchase orders executed, or the cost of executing a purchase order. The Mayor's Committee urged the adoption of program budgeting as the major emphasis in budget preparation and illustrated its proposals by setting up a model budget for the Department of Welfare, divided into six basic parts: general administration, departmental services, child welfare, institutions for adults, public assistance, and auxiliary services. These estimates were supported by schedules showing organizational units, programs, and input elements.[16]

Lump Sums versus Line Items

One of the complications of public budgeting is the amount of detail to be included in appropriation legislation. In general, there are two types of appropriations, the lump-sum and the line-item. The Federal government has been generally satisfied with the first kind; most state and local government units follow the line-item practice. Thus, the Federal appropriation for the Food and Drug Administration in the fiscal year 1953 was one sum of $5,600,000 for "salaries and expenses." In New York State, on the other hand, the appropriation for the Department of Health specified each position and separate amounts for travel, office supplies, rentals, etc. Sometimes the difference is diminished by Congressional disposition to appropriate by many different lump sums, amounting in effect to line items, and by state and local disposition to include large amounts in certain line items, which thus become a lump sum in effect. The difficulties in the lump-sum versus the line-item practice arise primarily in the process of budget execution, since the more a legislature specifies the more detailed must be the accounting records.

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[15] *Modern Management for the City of New York,* Report of the Mayor's Committee on Management Survey, vol. I (1953), p. 19.

[16] *Ibid.,* Chap. V.

Whether details of estimated expenditure items are shown in the appropriation legislation or not, it is a mistake to believe that details are not important. If administrative officials are to obtain the advantages of the lump-sum appropriation, they have a corollary responsibility to provide the legislature with full details of their expenditure plans. Modifications in these plans can then be made only upon the best justification, and some consultation with or at least prior notice to legislative committees is highly desirable. Thus even if details do not show up in the appropriation legislation itself, they must still be used by management in the process of budget preparation and of budget defense before the legislature or citizens of a community.

Many details of budget preparation necessarily arise from legislative concern with particular items of expenditure. Thus, in the Federal government, Congress insists specifically upon authorizing the purchase of any new or replacement passenger automobiles. The House Committee on Appropriations insisted that the Bureau of the Budget develop a standard rule on automobile replacement to be employed by all administrative agencies; this was done (the standard for replacement being 60,000 miles or six years of age, whichever occurred first). Also, since 1945 the House Committee has been greatly concerned about the growth of personnel staffs in various departments and has insisted upon some limitation upon the number of persons in a personnel unit in relation to the total number of employees in an agency. As a result, in 1948 the Federal Bureau of the Budget proposed a ratio of 1 personnel worker to every 103 employees. Congress did not consider this sufficiently stringent; first it set a standard of 1 personnel worker for every 115 employees and later tightened it to 1 for every 135 employees in so-called "independent" agencies. A different standard of 1 personnel worker per 105 employees was specified for the Department of Labor and the Federal Security Agency; as of 1953 other departments and agencies were left free to use the Budget Bureau standard.

Moreover, legislatures usually want to have data by which to compare budget estimates with previous experience. Thus it is common practice to have three headings of figures in a budget estimate: the actual expenditures in the most recently completed fiscal year, the actual appropriation made for the current year, and the requested expenditure for the next fiscal year. Such details of budget preparation are necessarily governed by the desires and interests of the legislature.

The Budget Timetable

Budget preparation in most units of government must fit a fairly exact timetable. Many governmental units operate upon the basis of a fiscal year which begins on July 1 and ends on the following June 30. This arrangement has proved especially useful because the national and state legislatures begin their regular sessions in January of each or every other year. This means that appropriation measures are usually enacted before June 30 and may then become effective on July 1. If the fiscal year begins on January 1, the legislature must enact some temporary appropriation measure for a three- or six-month period pending consideration of the final budget.

In the Federal government budgeting has become a year-round, continuing operation. In July administrative agencies begin work on the following year's estimates. In September, the process of review by the Chief Executive's budget office begins. In January legislative review starts and may continue sporadically until the appropriation legislation is finally enacted, usually in May or June. Then it is time to begin the next year's budget all over again.

For local governments the budget timetable may be something like this:

BUDGET CALENDAR FOR LOCAL GOVERNMENT

Approximate Date	*Steps in the Procedure*
Oct. 5	Estimates of revenues and fixed charges started.
Oct. 15–Nov. 10	Preparation and submission of departmental work programs and estimates of expenditures.
Nov. 10–Dec. 1	Revision of work programs and estimates by the mayor.
Dec. 1	Submission of proposed budget to council by mayor.
Dec. 1–Dec. 20	Review of proposed budget by council; public hearings.
Dec. 20–Jan. 1	Recasting of council budget preparatory to adoption.
Jan. 1	Start of fiscal year. Preliminary decision by council regarding appropriations completed.
Jan. 10	Allotment of appropriations by mayor.
Mar. 31	Last date for formal enactment of appropriation ordinance.

Since most state legislatures meet only once every two years, state administrative budgets must be prepared for a two-year rather than a single-year period in advance. The timetable of this effort is much like that for local governments.

Because budget estimates must be prepared so far in advance of their actual execution—it is two years between initial preparation of a budget and its final execution in the Federal government—the problem of desirable flexibility is a troublesome one. Legislatures are usually desirous of having exact plans and of making appropriations for specific purposes. Administrators need some flexibility in meeting changing circumstances. In some instances it may be feasible to obtain a supplemental appropriation, but even in the Federal government where this practice is regularly followed every year, it is different agencies and different needs which are thus accommodated. If the same agency regularly needed supplemental assistance each year, its budgeting would come under critical scrutiny by Congress. Management may try to meet the situation by asking for an appropriation for contingencies, but legislatures are not enthusiastic about such "blank checks." No business would endeavor to operate without some reserves or contingency funds. Management in the public service needs some such flexibility likewise; the need is not inconsistent with legislative desires for specific determination of how money is to be spent.

Special Budgets

In many local governments it is now the practice to have two different budgets administered on a somewhat different basis. One of these is the current-expense budget and the other is a capital-improvement budget. This arrangement has been put into effect since local government financing of physical plant improvements is ordinarily provided by borrowing. Moreover, with the development of specialized planning agencies in local governments, the capital budget, often joined with a longer-term four- or five-year capital improvement plan, is a useful technique for providing a comprehensive and ordered program of physical improvements.

Many states and the Federal government usually do not differentiate in their expenditure plans between current operating costs and capital outlays. The reason is that these governments ordinarily expect current operating income to meet both forms of expenditure. There is no systematic practice in state and Federal governments, as in local governments, of financing capital plant differently from current operations. Moreover, physical plant development by state and Federal governments does not have the same vital impact upon a local community's physical layout as does plant improvement by the local government.

From time to time it has been proposed that capital budgeting should be practiced by state and Federal governments. The state of Ohio, for example, has in recent years budgeted capital developments separately from current expenses, utilizing budget surplus as the limitation to this outlay. New York State has done much the same thing. The Hoover Commission in 1949 recommended that capital improvement projects be shown separately from current operating expenses, and to some extent this has been done in recent years. Beginning with the budget for the fiscal year 1952, the Bureau of the Budget has prepared special analyses of Federal government expenditures for credit and loan purposes as well as for public works. In a sense this amounts almost to a capital budget, for although the items appear as expenditures of the particular agency and program involved, the special analyses provide details which may be used for examination of these operations as a whole. In August, 1953, Beardsley Ruml urged the House Ways and Means Committee of the Federal government to separate loan, investment, and other self-liquidating projects from the regular budget. He argued that tax income should be used to support only those activities which would not produce other future income. The proposal appears to the author as a sensible one.

Governor Thomas E. Dewey has introduced a notable feature in New York State budget practice by dividing the annual budget into two parts: one is a "state-purposes budget" which contains the estimated expenditures for the direct administrative operations of state government agencies, and the other is a "local-assistance budget" which contains all the items of appropriation in which state revenues are turned over to local units of government to help support their activities. In the 1954 budget, for example, the local-assistance budget totaled 603.4 million dollars, while the state-purposes budget came to 427.1 million dollars. The legislature, moreover, has followed the governor's lead by passing a separate appropriation law detailing expenditures to be made from the local-assistance fund of the general fund. With the growing importance and size of state grants to local governments, this budget practice has much to commend it. At least, it concentrates attention upon the magnitude and extent to which state governments in our country have now undertaken to support local government administration.

The Federal government budget proper does not differentiate between grant-in-aid appropriations and those for direct operations. For a number of years, however, the Bureau of the Budget has prepared a special analysis to indicate the magnitude of Federal financial assistance to state and local governments. For 1954 the total such expenditures were estimated at 2.96 billion dollars; in 1952 these Federal grants amounted to 11 per cent of total state and local government revenue receipts. Again, these data are helpful in revealing the extent of this support, even if the actual items are scattered among the various budget estimates for the agencies administering grants-in-aid to state and local governments.

A special kind of budget activity was introduced in the Federal government by the Government Corporation Control Act, approved Dec. 6, 1945. This law required a wholly owned government corporation to prepare annually a "budget program" which was to be submitted to the President and to the Congress. The law further specified that this budget program was to be a "business type budget, or plan of operations, with due allowance given to the need for flexibility, including provision for emergencies and contingencies, in order that the corporation may properly carry out its activities as authorized by law." The law further went on to specify that this budget program should include a statement of financial condition, a statement of income and expenditures, an analysis of surplus or deficits, and a statement of sources and application of funds. For the fiscal year 1947 the President submitted a special budget supplement on government corporations. Since that time the government corporations have been included in the regular budget document transmitted by the President to Congress each January. Thus, for example, in the 1954 budget, a "business-type statement" was included in the budget estimates of the Department of Commerce for the Inland Waterways Corporation. This budget provided first a statement of sources and application of funds; a statement of income, expenses, and retained earnings; and a statement of financial condition (assets and liabilities). In addition, Congress has followed the practice each year of specifying a limit upon the administrative expenditures which might be incurred by a government corporation.

As a result of this arrangement the legislature receives each year a statement of proposed operations by a government corporation and controls the administrative expenditures even though no appropriation is necessary. The Inland Waterways Corporation, for example, has been able to operate from capital accounts previously received, plus current operating earnings. In some instances, as a matter of public policy, a government corporation may operate at a deficit, in which case the legislature must appropriate the amount needed to balance operating expenses with operating income. The advantage in thus annexing the budgets of government corporations to the operating expenses of ordinary agencies is that of providing a comprehensive statement for all government fiscal operations in any one year.

Budget Complexities

There are several complexities which have grown up in budget practice. The most common of these has arisen in the field of national defense expenditures, both during World War II and thereafter. When a military agency wished to contract with industry for supplies, it was necessary to have an appropriation by Congress which might be obligated for this purpose. Yet in many instances the actual expenditure of funds under these contracts might be delayed twelve, eighteen, twenty-four, or more months as required for the actual manufacture of all the equipment ordered. When these appropriations were treated as a current financial obligation of the Federal government, they overstated the actual financial outlays that were necessary. It has not been easy to arrange for annual appropriations under circumstances in which actual expenditures might continue over a long period of time. Under these circumstances Congress has resorted to a practice of including "contract authorizations" along with actual appropriations. These contract authorizations enable the military service to enter into long-term supply contracts without requiring any immediate appropriation except for that portion of the contract which will be fulfilled in the ensuing fiscal year. On the other hand, the extent of contract authorizations outstanding complicates budget practice. Subsequent appropriations must be adequate to fulfill contracts previously entered into. Moreover, with military defense requirements of considerable magnitude and with changing military circumstances, the extent of outstanding contractual authorizations has made uncertain the exact state of government fiscal needs.

The same kind of problem arises in connection with large-scale public works projects such as river-development programs. In this instance, Congress passes legislative authorizations specifying projects with a total maximum permissible cost. Subsequent appropriation laws include amounts sufficient for one year's program in constructing these projects. Some operations of this kind may extend over a number of years, and occasionally some project may be started and then can be completed only as funds are subsequently made available. The complexities in dovetailing annual appropriations with long-term financial needs appear inevitable in our system of government. Granted that these present practices frequently are confusing, an acceptable alternative has not yet been devised.

Budget Review

The actual determination of budget estimates for performing some particular government service is but a first step in budget preparation. An equally vital phase in the budget task of management is to review these estimates. Such review is ordinarily carried on at the bureau and department level on a fairly extensive basis before the chief executive becomes involved in the process. Budget review is the very heart of the process of budget preparation for management at top levels in the administrative hierarchy.

There are two basic questions which the review process raises. The first is this: How important is it to accomplish the particular magnitude or scope of service proposed? This question raises many factual questions but in the end must be resolved in terms of judgment about governmental purposes and needs. The second question is this: How efficiently is the work program actually being carried out? Could the same amount of work at much the same quality of performance be accomplished at less cost, that is, with smaller requirements in the input elements? These are the two fundamental questions—one of ends and one of means—which budget review must answer in some fashion.

The review of the proposed magnitude and scope of government service has a number of different aspects. For one thing, the question must always be asked: Is this activity clearly authorized by law? Administrative agencies engage only in those activities required by law, either by legislative enactment or by exercise of executive power. If an activity does not have some specific or implied legal authorization, it should not be carried on. Another question is whether the work continues to remain necessary in the light of changing conditions. Has the major usefulness of some governmental work been accomplished, and might the activity now be reduced, suspended, or eliminated? This is the kind of judgment which an administrator obviously does not make in a vacuum. In some circumstances he must sound out executive and legislative opinion as well. But management should ask these questions first and be prepared to present recommended answers.

The most difficult part of this review of estimated expenditures is the decision about importance of the job to be done, especially importance in terms of magnitude and relationships to the other work of government. Here is a vital political choice which must be made in the process of preparing a budget. Is it sufficient in conducting our foreign relations to rely upon formal means of representation, or shall an active program of foreign news broadcasts and an exchange of informal representation be encouraged? Shall the national defense be entrusted primarily to the Navy, the Air Force, or the ground force, and, if to all three, in what relative degree of strength? How large a part of the educational work of the public school should be concerned with the health of the pupil? Such questions can be multiplied indefinitely. They are not easy to answer.

A number of years ago Professor V. O. Key pointed out that the most important issue in budgeting was how to allocate scarce resources (expected revenues) among various activities.[17] He pointed out that very few students of public administration, public finance, or of economics had devoted attention to this matter. One economist had suggested the principle of "balance" among various sorts of expenditure, implying that there was a kind of "marginal return of satisfaction" thus to be obtained. Political scientists have generally pointed out that the scope and magnitude of government expenditures tend to result from an interplay of group interests. Professor Key was dissatisfied with this theory of social consensus, likening it to the "mystic doctrine" of the "general will." He went on to point out that the question of "most advantageous utilization" of public funds is a "matter of value preferences between ends lacking a common denominator," and that as such it was a problem in political philosophy.

In the intervening years perhaps the most important contribution which has been made to the analysis of the end purposes of public expenditure has been the careful classification of outlays. The new emphasis upon program or performance budgeting is a part of the same effort. What these efforts have accomplished is simply to focus attention more sharply upon the end purposes of government expenditure and upon relative trends in government outlays. These technical improvements do not answer the basic question, however: For what and how much should government spend? They merely provide better information with which to make such decisions.

More recently one administrator in the budget field has proposed that three criteria be employed in the review of budget estimates for different purposes.[18] The first criterion is that of relative value of the results to be obtained from alternative uses of public funds. The returns from expenditure for any one purpose should be more desirable or more necessary than expenditures for other purposes. The decision then to undertake a particular activity at a particular level of outlay should be judged as worthwhile in terms of these alternative possible results which are foregone or displaced. The second suggested criterion is that of "incremental analysis," which means a study of benefits from expenditures to be realized from each increment or addition to expenditure. Since at any point in time, except for a completely new government activity, there is an already existing pattern of expenditures, the real question is *where* in this pattern more or less funds should be spent. This decision requires a comparison of results at or near the "marginal point of balance." On this basis some informed judgment may be possible. Finally, the relative value of different services like public health, public education, and public welfare has to be compared in terms of a common denominator, which can only be that of a common objective. If it is possible to set forth a common objective for various government services, the results to be achieved by various possible magnitudes of expenditure may be compared in the light of what each will contribute to the common purpose.

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[17] V. O. Key, Jr., "The Lack of a Budget Theory," *The American Political Science Review*, vol. 34 (December, 1940), p. 1137.

[18] Verne B. Lewis, "Toward a Theory of Budgeting," *Public Administration Review*, vol. 12 (Winter, 1952), p. 42.

As the proponent of these criteria remarks: "The economic aim of budgeting is to achieve best use of our resources." [19] He believes this can be realized most satisfactorily through incremental analysis at the margins of public service and by comparing the relative effectiveness of various activities in achieving some common purpose. Mr. Lewis goes on to acknowledge that it may not be easy to arrive at firm numbers for his formula, especially because of uncertainties in forecasting future conditions and needs. But he believes that the general theory of his method is an answer to the argument that there is no basis for economic calculation of government expenditures. He then proposes that the best way of applying his formula is to frame "alternative budgets" which would emphasize the question of relative value of proposed outlays.

This writer is disposed to believe that Lewis has made a definite contribution to budget theory and that a helpful analysis of expenditures will result from use of his broadly outlined proposals. But certainly his suggestions do not provide any fixed or final answer to the question of making choices among various governmental activities. It is clear, for example, that when Senator Paul Douglas undertakes to suggest how the Federal budget should be balanced and even reduced, he is expressing personal judgments. He has argued, for example, for substantial reduction in the personnel requirements of the Departments of State and Agriculture and of the Veterans Administration; for a curtailment of expenditures for river and harbor development; for discontinuance of government purchase of silver and for a reduction in ship, air mail, soil conservation, and sugar subsidies; for elimination of the postal deficit; and for economies in the military program.[20] It would not be a simple matter to apply any formula of relative value to these divergent undertakings; nor would the results of a so-called "objective" analysis of these expenditures have the same meaning to different interest groups and to various legislators.

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[19] *Ibid.*, p. 45.

In the end, the process of budget review involves adjustment or compromise at three different levels in a government. First, departmental management expresses judgment about magnitude and scope of government expenditures as among the various programs for which it is responsible. This judgment is an amalgam of the facts, opinions, and preferences of politically appointed department heads and their personal and permanent advisers. In the second place, the chief executive, aided by the institutional device of a budget office, expresses judgment among the various programs, especially in interagency terms. Here again the judgment is compounded from facts and opinions considered by a single politically elected official aided by personal and permanent assistants. At the third level, the legislature expresses its judgment, which is a consensus among many politically elected officials from different geographical areas, aided by some legislative staff. Our interest here is with the first, not the second and third of these levels of decision making. But obviously administrative management is influenced by the reaction it anticipates from the other two levels in the budget determination process.

It seems evident that a combination of administrative and political judgment enters into budget making. Moreover, the administrator may help to influence the political aspects of this judgment by the force of the argument he musters on behalf of his particular administrative interests. Management is not without its role in guiding political decision making. But within its own realm of administrative authority, management must first express its own choices among various activities of government. Much of this judgment may be based upon careful analysis of data. But this judgment must express more than a mathematical formula. It must express the soundest available expectation of the political reactions inherent in public budgeting.

The second major concern in budget review is that of administrative efficiency. The question must be faced and answered: Can as much public service be rendered with a lesser expenditure of input elements? In other words, management improvement is a vital issue in budgeting. This matter is so important, indeed, and the various techniques of administrative analysis are now so well developed that a whole chapter will be devoted to this subject. We need not say more about it here.

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[20] Paul H. Douglas, *Economy in the National Government* (Chicago: University of Chicago Press, 1952).

A judgment about the relative importance of various programs and an evaluation of administrative effectiveness or efficiency in the operation of any particular program are the dual phases of budget review. Management must be prepared to answer both questions.

Fiscal Policy and Revenue Budgeting

One matter is of sufficient gravity to warrant mention again, even if administrative agencies are not equally involved in providing an answer. Public budgeting means more than the preparation of estimates of expenditure. It means also an estimating of expected receipts. Many administrative agencies may collect some receipts in the course of their operations. Thus they contribute to the process of building up the revenue budget. Except in the instance of the government corporation, an administrative agency does not normally retain its receipts for internal operation but must deposit or "cover in" these receipts into the general treasury. It is the tax-gathering agency or agencies, however, which are primarily concerned in estimating revenue receipts, and it is the chief executive and then the legislature who determine how and at what magnitude government expenditures and government receipts shall be balanced.

We cannot begin here to discuss the many ramifications of government fiscal policy or explore the intricacies of alternative methods of taxation. Both are big, complicated, and extremely important problems of government. It has been suggested that government fiscal policy must be judged primarily in terms of its impact upon prices, levels of consumption, levels of employment, and distribution of income.[21] But there are other criteria as well. The basic issues in public finance are: (1) what goods and services shall be provided by government rather than by the private economy; and (2) how much of the total economic resources of the economy shall be devoted to the government sector. We do not answer these questions in this country by any central plan. We answer them by the democratic process involving decisions of thousands of governmental units. But one part of the answering process is the judgment of management about the urgency of a particular government service, such as education, foreign relations, or national security. In addition, management must contribute also to the consideration of alternative forms of public taxation.

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[21] Richard W. Lindholm, *Public Finance and Fiscal Policy* (New York: Putnam, 1950), pp. 24–25.

From time to time there has been some suggestion of the desirability of a limit to the magnitude of government expenditure in a national economy. Undoubtedly there are such limits in terms of the varied activities that are required to maintain an economy in functioning order. Government expenditures could reach such a magnitude in service operations, such as education, public health, and public welfare as to lead to an actual contraction in total national production. Yet in practice it is difficult to give precise definition to the magnitudes of desirable government expenditures. Under wartime conditions as much as 41 per cent of total national income was required by the Federal government. Under peacetime conditions such a burden continued over a prolonged period of time would be regarded by most citizens as unduly heavy. Yet there is a real question whether the very real burden of national defense expenditures would not be far preferable to the possibility of some future conquest and enslavement of our country. Political judgments about the urgency of governmental services and the magnitude of governmental expenditures in order to meet a threatening situation are therefore imperative in arriving at decisions about the extent to which government requires economic output.

Under any prevailing level of taxation, government fiscal receipts will necessarily vary in terms of price levels and total production. In a period of rapidly mounting prices, constant rates of income taxes, sales taxes, and other taxes will produce rising amounts of income. To be sure "real" income may not be greatly changed, but the dollars of government receipts will steadily rise with rising prices. On the other hand, any substantial decline in levels of production and employment in our economy will produce substantial reductions in revenue receipts. As a result, much of the problem of budgeting tax revenue depends upon estimating the price trends and levels of production.

In an economy which is expanding its total productive output by an expansion of its productive resources and by greater efficiency, government revenue will also tend to increase, unless taxes are specifically reduced. Thus it is possible for government expenditures for various services to rise as a result of expanding levels of national output without imposing a relatively greater burden upon the economy as a whole.

Government fiscal policy and tax revenues which tend to set the general limit within which administrative activities may function are subject to variation according to the urgency of particular governmental conditions (such as the need for national defense), and according to price levels and productive output. Political policies determine the practical limits to the goods and services to be provided by government in relation to total economic endeavor. Administrative management can never forego a vital interest in how these policies operate and the results which they impose.

Conclusion

It would be erroneous to suggest that budget preparation by management has reached a state of perfection. Much budget information provided by administrative agencies continues to be deficient in expressing program objectives or in providing accurate data about costs. Many governmental budgetary documents fail to provide comprehensive information about the full extent of government fiscal operations or even commitments. Many improvements are still to be made. Work programs need to be more clearly identified and the various elements of input more closely calculated. Distinctions may be usefully made between expenditures which will produce future income and those of a more narrowly defined current operating nature. Expenditures for physical plant have a different economic impact from those for current services, even though both may be derived from current tax receipts. Moreover, budget commitments of one year for plant or services may entail expanded commitments for future years. The reconciliation of annual appropriations with long-term fiscal operations requires much more attention than it has received in budget practice. Improved methods of reviewing the relative limits of different governmental activities and in estimating government receipts may be possible.

Although public budgeting practice has made great improvements, especially in the past thirty years, and although improved procedures and techniques have done much to give public budgeting a new importance to management, much remains to be done. The management task in budgeting is never finished.

CHAPTER 10 *Fiscal Control*

The preparation of budget estimates is only a part of management's concern with the financial operations of administration. Necessarily, management must appear as requested to explain budget estimates to the chief executive and to the legislature. The procedure of budget adoption, however, is not a part of our story here. Once appropriations have been made, the management of administrative agencies then becomes responsible for executing the expenditures as legally authorized.

The whole process of budget execution is often described as "fiscal control." It should be emphasized at the very outset that such control is an essential operating task of management. The authorized appropriations fix the general scope and magnitude of the operations of an administrative agency for a fixed period of time, usually a fiscal year or a biennium. In this process of budget execution management has a dual responsibility. One is to carry out the programs of an agency within the limits of the funds available. In doing so, there may be many restrictions of a legal or semilegal nature for management to observe. The second responsibility is to obtain the greatest possible return from the expenditure of authorized funds. Appropriations set limits to what an agency may do only in terms of dollars to be expended. Otherwise, management is usually left with the discretion to spend these funds in ways which will realize the maximum possible public service.

This second point deserves special attention. The very term "fiscal control" has a negative connotation to many persons, suggesting that management is primarily concerned with placing limitations upon the expenditure of appropriations. This would appear to be an unfortunate, and an unwarranted, interpretation of management's authority and responsibility in conducting administrative operations. After all, the first job of management is to see to it that the basic work of an agency as authorized by law and as fixed by appropriations shall be carried out. The purpose in fiscal control is to help facilitate accomplishment of this basic task. A management which fails to realize the purposes of an agency has failed in its primary task. To be sure, in observing the fiscal restrictions which legislatures place upon administrative agencies, management must take care to ensure that operations do not exceed the prescribed limits. But the work of fiscal control is to encourage and assist the conduct of operations within these limits.

An administrative agency does not exist just to keep fiscal records or to observe financial restrictions imposed by law. It exists to get some particular work done. Yet it is surprising how often in practice one encounters among fiscal experts or specialists the attitude that the work of fiscal control must be restrictive in nature. The duty of the fiscal officer, in this point of view, is to say "no" to the fanciful ideas of operating officials. This is surely a woeful misconception. The financial task of management is to help operating officials to do the work they have planned while observing the necessary restrictions which the conditions of the public service impose upon these operations. A subtle matter of emphasis is involved here. But however subtle, there is a wide difference between fiscal control administered in the spirit of facilitating operations and fiscal control administered in the spirit of restricting operations.

The principal management tool of fiscal control is accounting. This is the procedure of recording and reporting the financial transactions involved in the operation of an administrative agency. Actually, fiscal control is more than this. It involves a check to ensure legal authorization of the work to be done. In addition, it may entail some check upon how work is being done simply to ensure maximum results from the expenditure of funds. But accounting procedures remain as the heart of fiscal-control practice. Accordingly, not only does management require accounting specialists in its group, but also management personnel in general need to understand the basic elements of governmental accounting.

Because fiscal control is so essential a part of the whole task of management in directing and supervising administrative operations, some phases of the process inhere in the very existence of management at all levels of activity. This point needs attention because from time to time some accounting enthusiasts voice the belief that since accounting is such a specialized technique it should be highly centralized in a government's administrative structure. This centralization may mean concentration of accounting functions in one agency for an entire unit of government, such as the Treasury Department or the Comptroller's office. Or in other instances it may mean concentration of accounting work at the departmental level of administrative organization. To some extent the issue of how much accounting practice to centralize at a particular level of organizational structure is a technical matter, to be determined in the light of the volume of transactions to be recorded and the requirements of specialized facilities and personnel. But whatever the decision made on this point, all management officials responsible for the conduct of administrative operations in some degree require accounting information. Moreover, this information must be available to them promptly when needed. Any accounting system which does not meet this requirement is inadequate. Worse than that, it will inevitably be duplicated in some way in order for management personnel to have the information they require. Hence accounting practice, however organized, must always take notice of the fact that accounting information is a vital tool of management at all levels of administrative structure. The accounting system must enable that information to be available in the simplest, most economical manner possible.

One other general issue may be mentioned at the outset of this discussion. The question is sometimes raised about the desirable interrelationship between budgeting and accounting. We observed in the preceding chapter that much budget data are provided from accounting records. More than this, an accounting system is in large part devised to help execute budget plans. It must therefore reflect categories of cost employed in budget preparation. On the other hand, because budgets are built up in terms of work programs, it has been argued that this phase of management's operating interest should be handled primarily by those directing and supervising the substance of administrative operations. In other words, planners and supervisors should budget. Accounting may then be left to other personnel.

The organizational relationship between budget preparation and budget execution is a question to be resolved by the management of any particular agency in the light of its own internal circumstances. It seems obvious that the relationship must be a close one. The budget officer and comptroller may be one and the same person when an administrator finds this convenient and when the individual involved is willing to work closely on substantive matters with the other key personnel of the management staff. Indeed, one might say that when budget preparation and accounting are considered in their narrowest and most technical aspects, they are so closely interrelated as to be indistinguishable. But in the broader sense of work programing, budgeting must be done by those familiar with the substance of work plans, and in the broader sense of program execution, accounting information must be known to and used by all key management personnel.

Problems of Program Execution

When appropriations have been duly authorized—this means formal passage of the appropriation legislation, its receipt by the custodian of laws, and official notice thereof to central financial agencies and to the appropriate administrative agencies—management must begin the process of translating work plans into work programs. The more detailed aspects of this procedure are not important to us. In general, the process involves notification to the appropriate operating officials that they are authorized to incur expenses for particular purposes within stated limits. There are three or four somewhat technical aspects of this procedure, however, which we should observe.

In the first place, appropriations for government agencies are made, as we have noticed, for a particular time period. Ordinarily, then, management must exercise some care to ensure that the expenditure of funds is spread out over the period of time in order to realize continuous operation. If an appropriation is entirely committed within a six- or nine-month period, an administrative agency may face the alternative of suspending its activities or appealing for a legislative deficiency appropriation. Under certain circumstances a department head may be instructed by a chief executive to commit all available funds in a nine-month period, confident that the legislature will make up the balance at a later date. This happened on one occasion, for example, in the administration of Federal work relief during the 1930's. President Roosevelt and the Work Projects Administrator agreed to spend the legislative appropriation over a nine-month rather than a twelve-month period, since they believed that Congress would provide additional funds. In some unusual circumstances legislative leaders may even prefer to appropriate at a lower figure than requested because they desire the administrator to come back later in the fiscal year and explain again the need for a larger outlay. But these are unusual rather than usual conditions. In general, management must plan its work to fit the entire time period for which appropriations are made.

This situation does not necessarily mean that the rate of expenditure should be uniform over a twelve-month period. In a school system, for example, a very large part of the maintenance budget will be spent during the summer months when the buildings are not being used for class purposes. The painting program will be accomplished in this period. In other agencies funds for new or replacement equipment will most likely be spent at the beginning of a fiscal year in order to make the equipment available during the remainder of the year. In any construction activity the heaviest commitment of funds will ordinarily be made for the months of April to November when the weather is generally favorable for building operations. But with all the circumstances which justify uneven expenditure of public funds, work programs must be laid out in terms of continuous operation in so far as this is possible.

In 1906 the Congress of the United States passed legislation, approved on February 27, vesting authority in each head of a department and establishment to make apportionments of appropriations over a fiscal year in such a way as to avoid any deficiency in available funds. In 1933 by executive order this authority was vested in the director of the Bureau of the Budget. The entire system of apportionments in the Federal government was revised and restated by Executive Order 8512 on Aug. 13, 1940, as interpreted and applied by regulations jointly issued thereafter by the Bureau of the Budget and the Treasury Department. Under the executive order, the head of an administrative agency is required to submit to the Bureau of the Budget recommendations for the apportionment of each appropriation made to that agency. When approved, this apportionment becomes binding upon an agency and except in case of emergency may not be exceeded in the commitment of government funds. Under the regulations, apportionments are fixed on a quarterly basis for the entire fiscal year, and the amount so approved becomes a definite limitation for fiscal transactions during any three-month period.

The word "apportionment" has thus been used in Federal fiscal terminology to mean the process of dividing an appropriation over a fiscal year. Similar procedures, if not the same term, have been established in many state and local units of government. Thus, the execution of a work program is spread over a time period by fixing limitations to what an agency may commit in making use of available funds.

A second phase of program execution involves division of an appropriation among organizational units and particular work programs. In the Federal government most appropriations are made for fairly broad purposes, sometimes to a department or agency as a whole and sometimes to a bureau or other organizational unit. It is the task of management to divide these appropriations among component work projects. This process is ordinarily referred to as an "allotment of funds," and constitutes in effect an authorization to a subordinate official to commit funds for specified purposes and objects within the amount of the allotment. Ordinarily, department and bureau managements have extensive discretion in making these allotments. Of course, the total of all allotments from an appropriation may not exceed the quarterly apportionment, but otherwise management decides how the funds shall be divided among field offices and among work programs.

The system of allotments is usually prescribed in its outline by the form of the appropriation. In a large agency operating various projects, such as construction projects or research projects, an allotment will specify the amount to be committed for both operating purposes and general administration. Where the legislature has specified certain restrictions on expenditures for some objects or input elements, an allotment may be made to administrative units as an authorization to commit so much for personal services, so much for travel, and so much for supplies. It is not unusual for the allotment procedure to specify both work programs and input elements.

The whole allotment procedure raises again a problem which is often encountered in budget preparation. When allotments of an appropriation are made by input elements, subordinate operating units have clear-cut instructions about how much they may spend for such objects as personal service, travel, communication, rents, supplies, equipments, and printing. Other instruments of direction or supervision must then provide the instructions about the purposes to be accomplished from the expenditure of funds for these input elements. Sometimes subordinate management officials complain that they receive allotments of funds in this way which are not consistent with the previously received instructions about what to accomplish. On the other hand, when allotments are made by projects, such as cancer research or construction of a section of road, top management complains that it loses control over the use of input elements and more may be spent on personal services, for example, than was pledged by the agency when its appropriation request was being considered.

It has not been easy in the public service to resolve this dilemma. Allotments made in terms of both project purposes and input elements are cumbersome to administer, requiring a good deal of accounting effort and periodic adjustment. Allotments made in terms of one or the other are not satisfactory from the point of view of top management. Some combination of the two usually is inevitable, with its corresponding complications for administrative accounting.

A third issue in program execution is whether management should set aside operating reserves in an appropriation. When such reserves are required by law, of course management has no discretion. But otherwise many agency heads reduce the amounts allotted for expenditure in order to have contingency reserves or even to lower the general level of government expenditure. Prudent management would seem to require the creation and careful husbanding of reserves, since only in this way can unforeseen requirements be met and some flexibility in fiscal management be realized. Departmental action in setting up reserves has sometimes been criticized by bureau chiefs on the grounds that this reduces the amounts which they might otherwise commit. It is even argued that an appropriation carries with it the responsibility to spend all that is made available by the legislature. There is something to be said for this argument. But in the absence of contingency reserves management loses almost all hope of flexibility in the process of budget execution.

Sometimes the attitude of legislators is that the appropriation provided an agency is a commitment for the agency to spend that amount, of course wisely and well. Legislators feel that they have reviewed administrative requests carefully, have satisfied themselves about the urgent needs of the programs, and so expect the authorized magnitude of operations to be carried out. For an administrator on his own authority to reduce the size of an activity is in a sense to substitute his judgment about desirable magnitude for that of the legislature. The question then arises whether legislative *authorization* to spend a certain amount of money is to be construed as legislative *direction* to spend that amount.

This is no easy question to answer. Much depends upon the nature of the administrative activity, the current circumstances, and prevailing legislative attitudes about particular programs. In continuing operations such as police and fire protection, education, and public health, the legislative appropriation is ordinarily to be interpreted as an expression of community intent to operate the service at the authorized level. In other activities, especially when circumstances alter, a legislature may expect the administrator to contract the scale of his operations. When a war comes to an end with an armistice, defense administrators are expected to reduce supply purchases without the legislature directing them to do so by rescinding previous appropriations. The only answer to the question seems to be that management may under certain circumstances curtail the size of the operations made possible by legislative appropriations, but that when it does undertake to make such reductions, management had better be fairly certain that legislative sentiment will approve the action.

In the fourth place, there is the matter of unused balances. No matter how carefully management may prepare its budget plans, some changes are bound to occur during the process of budget execution. Personnel may turn over more rapidly than expected. Certain personnel may resign or die and be replaced by individuals at a lower salary. Some highly desired personnel may not be obtainable. Some equipment may not be available, or certain expected contingencies (such as allowance for sandy or rocky conditions in construction) may not occur. For any number of perfectly legitimate reasons an administrative agency may find its expenditures less than were planned for. Should these unused balances be employed for other needed purposes or should they be allowed to lapse at the end of the fiscal year? Here again no ready answer is possible. Under most circumstances management should be permitted some degree of latitude and be able to adjust activities to meet unforeseen conditions. Usually legislators understand these circumstances and are not unduly critical of management when it makes some changes in program. But here again management must exercise caution. It must realize that unanticipated changes in expenditures will probably be noticed by the legislature or its auditing agency on a subsequent occasion. Questions may be raised which management must feel confident it can answer to mutual satisfaction. Here is another respect in which management must exercise a sense of political responsibility and be prepared to abide by generally prevailing expectations.

These are some of the major difficulties of program execution which arise in the process of carrying out the activities made possible by legislative appropriations. These concerns are common to most administrative agencies and must be resolved in varying ways by management while expending public funds.

Problems of Observing Legislative Intent

The spending of government funds by administrative agencies entails the observance of numerous limitations. These limitations are of two general kinds, specific and implied. Both are important to management in the process of committing government funds.

The first limitation, of course, is that of amount. Administrative officials who direct the expenditure of funds for amounts in excess of those authorized by an appropriation are personally liable for suit to recover the excess. In other words, it is illegal to spend amounts larger than those set forth in an appropriation. Moreover, in the Federal government, where lump sums are appropriated under various general headings, it is not unusual for Congress to add specific sublimitations. Thus in 1952 in appropriating funds for personal services of a number of administrative agencies, Congress provided that no more than 75 per cent of the estimated personal services for individuals engaged in public information work might be spent. These specific restrictions have to be carefully observed in the process of spending government funds.

In addition, there are a number of general limitations enacted by legislatures from time to time which must be adhered to in budget execution. Salary scales are ordinarily fixed by law or regulation; employees must be compensated accordingly. The purchase of supplies is usually governed by general laws requiring among other things competitive bidding. Travel laws and regulations specify conditions to be observed in reimbursing personnel for trips on official business. There are a great many of these general laws, and regulations promulgated in accordance with them, which management must know and observe if it is to spend funds legally.

One of the knotty difficulties in spending appropriated funds is the problem of transfers. Under Federal government appropriation practice with lump sums authorized for "salaries and expenses," management may exercise discretion in making subsequent adjustments between personal services and other expenses. In some instances, as in the Department of Agriculture, the Secretary may transfer funds from one appropriation title to another up to a 5 per cent increase or decrease in any one amount. A department head in the Federal government may make such transfers from one account to another only when specifically authorized to do so. During World War II the Secretary of War, for example, was empowered to make transfers in funds up to 10 per cent between appropriations for military pay, various types of supplies, and the other "titles." But this was an unusual grant of authority prompted by the peculiar conditions of the times. The absence of this authority to transfer amounts between appropriation items is not too serious a matter in the Federal government because of the lump-sum nature of most appropriations.

The situation is quite different for most state and local government agencies operating under line-item appropriations. In these instances an agency is required to restrict expenditures within the specific salary limits set forth in the appropriation as well as within the limits for supplies, equipment, rent, travel, and other such items. These very precise limitations, especially over a two-year period, may result in a high degree of administrative inflexibility in spending funds. As a result many states have laws which permit transfers subject to approval of the governor or the mayor, or often by a board of control set up for that purpose. In Ohio, for example, the state controlling board is made up of the governor, his budget officer, the state auditor, and two members of the state legislature. When a very strong case for transfer can be made, department heads have this possibility of effecting a change.

In addition to the specific limitations imposed by appropriation and other laws, management may have implied restrictions as well to observe in spending government funds. This situation is more generally the case in the Federal than in state and local governments. In the course of hearings by the appropriations committees, an administrator may make certain pledges about his intentions in spending the requested funds. Furthermore, when the committee reports an appropriation measure for action by either house of Congress, it files a report which explains what is to be done under the appropriation. Sometimes these committee reports are highly critical of the management of an agency and request that certain changes be made in its future operations. Moreover, the member of the committee who "pilots" an appropriation measure through the House or Senate may make certain statements about how the funds are to be spent. None of these verbal understandings has the force of law; there is no procedure by which they can be enforced in the actual execution of a budget. Yet a management which regards its legislative relations seriously and desires to observe the spirit as well as the letter of legislative intent will be alert to fulfill these implied restrictions as faithfully as it does the specific ones.

The legal limitations upon the expenditures of public funds are more than a matter of management conscience and scrupulous attention. Most governments in the United States have set up some kind of specialized machinery for checking on administrative officials to make sure that they observe the letter of the law in spending government moneys. This machinery is usually headed by an official designated as a "comptroller" or "auditor." In the Federal government the position of Comptroller General was created by the Budget and Accounting Act of 1921, and although appointed by the President for a fifteen-year period, subject to senatorial approval, the Comptroller General is not subject to presidential removal. No incumbent may be reappointed after the completion of his fifteen-year term. Moreover, by terms of the Reorganization Act of Dec. 20, 1945, the Comptroller General of the United States and his agency, the General Accounting Office, were declared to be "a part of the legislative branch of the Government." In many state and local governments the comptroller or auditor is directly elected by the voters.

The power of a comptroller or auditor may be exercised in one of two ways. All expenditures of an administrative agency may be subject to "preaudit," that is, to examination and approval before actual issuance of a check in payment of salaries or services incurred by management. The second method is to examine all financial transactions after they have been completed by an administrative agency to determine whether or not they were proper. This is usually called a "postaudit." In many state and local governments the comptroller or auditor exercises the power of a preaudit. As a result the comptroller or auditor is an important participant in the administrative process. In some governments, including the Federal government, the comptroller or auditor primarily exercises the power of postaudit; that is, he examines financial transactions after they have been completed.

The standard of management performance which a comptroller or auditor is expected to enforce is essentially that of legality. But this is not a simple standard to apply. Legality means first of all the observance of the limits placed by appropriation acts upon the total volume of expenditures. A comptroller or auditor will not approve expenditures incurred in excess of the appropriated amount. In addition, the comptroller or auditor is concerned to ensure that employees are paid according to the salary provisions and any other employment requirements laid down by law. Where contracts call for the payment of stated sums for services rendered, the comptroller or auditor makes sure that the contract was legally made. Finally, there are various procedures, including prescribed rules and regulations on supporting documents for government payments, which a comptroller or auditor may endeavor to enforce. The result of this broad definition of what constitutes legality in management expenditure of public funds is to make the comptroller or auditor an individual whose point of view is important to management.

A good deal of controversy has occasionally arisen in various governmental jurisdictions about the powers of the "independent" comptroller or auditor, independent in the sense that he stands aside from the actual administration of a public service with the authority to criticize the conduct of those who are expected to perform prescribed government activities. Sometimes this argument has centered on the relative merits of the preaudit as against the postaudit. But in the Federal government where both practices exist but where the postaudit is employed for most transactions, there is still a good deal of conflict. Sometimes the argument is made that the comptroller or auditor complicates the work of administrative agencies by prescribing their accounting methods when management ought to have more discretion in establishing its own accounting practices designed to meet its own peculiar operating needs. Sometimes it is argued that comptrollers or auditors are excessively legalistic in their interpretation of laws governing financial transactions and even substitute their judgment for that of the department head or of the chief executive about what was the legislative intention. In the Federal government, for example, there is a great deal of haggling between the General Accounting Office and administrative agencies about expenditures in reimbursement of official travel by a government employee. Travel orders are carefully examined to make sure they authorize the actual route taken by an employee, the route used is studied to make sure that it is the shortest possible way between point of origin and destination, and travel costs incurred are examined to make sure that they do not exceed the maximum amount permitted. Often the sums involved in any one transaction are relatively small but require a good deal of administrative time and effort to settle.

The sanctions available to the comptroller or auditor are formidable. In the instance of the preaudit, disapproval means that an employee, contractor, or other payee does not get paid by the government. No administrative agency can carry out its work if it cannot get its bills paid. In the case of a postaudit, the sanctions may be several. In the Federal government, when the Comptroller General finally disallows an expenditure as illegal, he may request the administrative officials involved to recover the illegal payment. If this is not done, the Comptroller General then certifies to the Attorney General that funds have been illegally spent; the Attorney General is expected to institute suit against the official who formally made or authorized the expenditure (a disbursing or certifying officer) to recover the amount. Since disbursing and certifying officers are bonded, the suit may be directed against the bonding company. In addition, the Comptroller General may report instances of illegal expenditure to congressional committees; if the appropriations committees think that the criticisms are well taken, they may subsequently reduce the appropriations to an agency or add new restrictions to the appropriation language.

The whole controversy about the authority of independent comptrollers or auditors may properly be discussed as a part of the general subject of how legislatures and constitutions provide for a check upon administrative discretion.[1] Here it is relevant only to observe that at any particular time and in any given circumstance management finds it necessary to accommodate its actions to the system of external financial control then in effect. Many administrative officials appear to believe that discretion is the better part of wisdom in handling financial transactions. They may acquiesce in what to the outsider may seem to be petty irritants, bureaucratic red tape, and even strained legal interpretations in order to get employees and contractors paid what is generally owed them. Usually, management finds it desirable to keep the comptroller's or auditor's office fully informed about what it is doing, to provide all special forms or other data requested by the auditor, and to settle small issues as the auditor desires in order to get the big issues handled as expeditiously as possible. It takes a great deal of management effort to meet the exactions of independent fiscal control. No one has yet devised a satisfactory means of avoiding this situation and still of ensuring complete financial integrity on the part of administrative agencies.

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[1] On the situation in the Federal government see Harvey Mansfield, *The Comptroller General* (New Haven: Yale University Press, 1939); Lucius Wilmerding, *The Spending Power of Congress* (Princeton: Princeton University Press, 1943); Daniel Selko, *The Federal Financial System* (Washington: Brookings, 1940); and Commission on Organization of the Executive Branch of the Government, *Budgeting and Accounting*, a report to the Congress, February, 1949 (Washington: Government Printing Office, 1949), together with *Task Force Report on Fiscal, Budgeting, and Accounting Activities,* Appendix F, prepared for the Com-

When administrators find their relations with the comptroller or auditor especially troublesome, or where they anticipate difficulties, there are several possible actions available. One method is to try to persuade an attorney general to interpret the meaning of a law differently from the interpretation of the comptroller or auditor. The auditor may not consider this other interpretation as binding upon him, but the conflict may eventually cause him to reconsider and even to modify his stand. The other course of action available to an administrator is to carry his difficulties to the legislature. Congress every year passes certain "relieving legislation" which legalizes the expenditures made by a disbursing or certifying officer and subsequently disallowed by the Comptroller General. Management may propose new language in appropriation legislation which clarifies its legal authority to make certain kinds of expenditures. Sometimes in new legislation management may propose that the authority of the comptroller be limited. This was proposed by the Office of Defense Mobilization and endorsed by the War and Navy Departments in 1944 for the law-fixing policies and procedures in setting terminated war contracts. The proposal was accepted by the Congress over the protests of the Comptroller General in enacting the Contract Settlement Act of July 1, 1944. On other occasions general legislation may be enacted to clarify matters of conflict between administrative agencies and the comptroller. This was done in the Federal government in Public Law 600 of the Seventy-ninth Congress, approved Aug. 2, 1946, which clarified the law on personal

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mission on Organization of the Executive Branch of the Government (Washington: Government Printing Office, 1949).

travel and moving expenses of employees, on purchasing procedures, and on pay to consultants. Again the Federal Property and Administrative Services Act, Public Law 152 of the Eighty-first Congress, approved June 30, 1949, simplified legal provisions governing property management. In all these various ways management may endeavor to overcome obstacles imposed by an independent comptroller or auditor if satisfactory working relationships do not exist in practice.

Custody of Funds and Disbursement

Many government administrative agencies may collect some fees or service charges in connection with their work. The Department of State obtains fees for passports, the Department of Agriculture collects agricultural loans, the Interior Department sells electric power, the Veterans Administration receives insurance premiums, a local licensing department collects fees, a state board of agriculture obtains rentals and other income from a state fair, a state university collects student fees, and so on. These collections may either be retained by the government administrative agency or be deposited in the government Treasury as a miscellaneous government receipt. As a general rule of government law in most jurisdictions, an administrative agency may retain receipts for its own credit and for subsequent disbursement only when specifically authorized to do so by law. In a number of instances, however, such authority is conferred upon administrative agencies. Under these circumstances an agency will deposit its receipts into a special fund maintained by the Treasury, or it may deposit the funds to its own account in an approved bank. Ordinarily, disbursements may then be made against these funds to the extent of the deposits, provided they are made for approved purposes. It is an important factor in ensuring administrative fidelity to have these special accounts or funds audited at least annually by the regular government auditor or by an auditing firm.

Usually when a government agency turns its collections over to a central treasury as miscellaneous government revenue, it may spend only such amounts as have been specifically appropriated to it.

In most circumstances, however, administrative agencies do not have direct custody of any funds and do not make direct disbursements. Rather agencies simply commit appropriated funds and then submit payrolls and vouchers for payment of supplies and services to a central disbursing unit. The central disbursing office prepares the actual checks and mails these to the payees or sends them to the administrative agency for proper distribution. This system of central disbursement has the advantage of providing central custody of necessary cash accounts and of ensuring only such cash balances as are needed to meet actual outlays. Moreover, this central system permits accurate and up-to-date information about the magnitude of actual cash disbursements and receipts of a government. In some instances this central disbursement may be fairly time-consuming, may result in delays in paying bills, and may even lead to lost vouchers and unpaid bills. For these reasons some governments permit particular agencies with a large volume of expenditures or remote from a central disbursing office to draw their appropriations as large checks for a deposit account and then to write their own checks to individual payees. Both arrangements are desirable under various administrative circumstances.

Administrative agencies such as a treasury department have a special problem in collecting tax and other revenues directly from the public. This work involves a multitude of concerns, from proper assessment of the tax liability of the taxpayer to investigation and prosecution of tax evasion. We are not here concerned with exploring these peculiar difficulties in collecting government revenues. It is worth noting, however, that tax collection involves special procedures in accounting for and handling government funds which are not common to the administrative agencies primarily responsible for spending rather than for collecting money.

Essentials of Government Accounting

The techniques and procedures of controlling the expenditure of government funds center in accounting. The careful recording of all financial transactions is an indispensable management need in order to ensure observance of appropriation limitations, in order to report the financial facts about administrative work, in order to direct work in terms of expenditure commitments, and in order to analyze the fiscal aspects of work programs.

Government accounting is based upon funds which must be accounted for separately from each other. In providing for various activities, or in directing various phases of administration, the legislature or chief executive may establish certain kinds of operations which are quite distinct from one another. These differences result in the fund basis of governmental accounting. Most appropriations for current operations fall within the category of general-fund accounting. The general fund is used to account for expenditures and revenues not segregated for special purposes by law or order. Or one might say that any government activity not financed from a special fund would fall within the general fund. The other major category is obviously the special fund, of which there are many types, such as trust and agency funds, plant funds, special revenue funds, bond funds, revolving or working capital funds, special assessment funds, and loan or capital funds.

For example, all collections by the Federal government of the payroll tax for old-age and survivors insurance, together with the compulsory contributions of employees, must be deposited in a special trust fund. Subsequently, the payments of old-age and survivors benefits as provided by law are defrayed from this fund. Veterans' insurance premiums, government employees' pension contributions, bank-deposit insurance premiums, workmen's unemployment compensation taxes, and many other receipts all constitute separate trust funds which administrative agencies must carefully segregate and administer apart from all other funds. In many government jurisdictions plant funds are handled separately from general funds for current operations, both because physical plant additions or improvements may be financed by borrowing and because these represent a capital asset. Government corporations such as a local electricity, water, or transportation system are provided a capital fund. This is expected to be invested in plant and other facilities, with operating costs and perhaps some return on the investment realized from operating charges. Many government jurisdictions provide working capital funds for special operations, sometimes called "revolving funds." Thus, many purchasing offices have a general supply fund with which they purchase standard stock items such as paper, pencils, typewriter ribbons, etc. This working capital is then replenished constantly by the "sale" of these items to operating departments, who pay by a transfer of their supply appropriation in accordance with quantities consumed. Finally, some government revenues may not be used for general operating purposes but only for special purposes. Thus, a part of the proceeds from the sale of public lands by the Federal government are credited to a special revenue fund which is distributed to state governments.

It is evident, then, that in government accounting, funds assume a special importance. These funds must be separately identified, their assets and liabilities, their receipts and expenditures separately recorded in order to prevent an indiscriminate handling of the very different financial transactions in which government agencies engage. The attention which management must necessarily give to the fund basis of accounting is one of the peculiarities of government fiscal operation.

Furthermore, government accounting for administrative purposes is closely tied to appropriations. The major and many of the subsidiary accounts kept by an agency must parallel appropriation headings. In the Federal government, for example, every appropriation title becomes an account; therefore, the more such titles the more accounts an agency must keep. In state and local governments the line items shown in the appropriation become an account for each administrative agency. Every appropriation and subappropriation item constitutes a dollar limitation upon management in spending government funds; appropriation accounting is both the device for observing this limitation and the means for knowing the current status of expenditures.

Management may in its discretion introduce additional limitations beyond those of the legislature which must then be observed by subordinate officials. We have referred to apportionments which have the effect of spreading out an appropriation over a year's period. These apportionments may be recorded in the appropriation accounts and so become a limitation upon the commitment of available funds. Management may also place limitations upon the amounts to be spent for travel and printing without prior approval of a higher official. The accounting staff will then be expected to see to it that such conditions as these have been fulfilled before entering an estimated expense into the accounts.

In a field installation the appropriation account is usually an allotment account. Appropriations are made to departments or bureaus as a whole, and management must then divide the available amount among local field offices doing the administrative work. In so far as the local chief administrator is concerned, the allotment account is in effect his appropriation.

In appropriation accounting there are several phases of procedure and of terminology which are especially important. The amounts provided for current operating purposes are committed by management in various ways. The existing staff, augmented by new appointments or reduced by separation, constitutes one commitment, which is usually acknowledged by a periodically prepared payroll. Travel orders authorize movement of personnel and so commit funds for this purpose. Contracts duly signed by management provide for the rent of buildings, utility service, and other services. Purchase orders commit appropriations for supplies and equipment. All these commitments are usually termed "obligations" or "encumbrances." They are recorded in appropriation accounts as the first major step in the process of spending government money. The difference between the amount of an appropriation and the outstanding obligations is the *unobligated* or *unencumbered* balance. It is this balance which indicates to management the magnitude of the funds still available to it for future operations.

One or two complications arise at this point. How far in advance should management authorize the obligation of an appropriation? Presumably, most employees have been hired on a continuing basis. Should the payroll commitment then be recorded as an encumbrance for a twelve-month basis on the first day of a new fiscal year? This is sometimes done, but it would seem preferable to encumber an appropriation for personal services just one month in advance. When this is done, however, management needs to remember that its personnel commitments are ordinarily made for the entire twelve months of a fiscal year. A second complication is this. Shall management estimate the magnitude of its commitments in generous or close terms? If travel costs and purchase orders are generously estimated at the time appropriations are obligated, at the end of a fiscal year management will find that it has obligated all its available funds but that actual costs are smaller. If management estimates its obligations closely, actual costs may be higher and a supposed unencumbered balance may not exist at all. The only safe practice seems to be to estimate commitments as carefully as possible in the light of experience and quoted costs, and then to adjust these obligations as the vouchers of actual cost flow through the accounting office. This means extra accounting but at least results in a record of obligations which closely reflects the true commitments an administrative agency has incurred.

The recording of obligations or encumbrances is the initial stage in appropriation accounting. As we have said, obligations represent the commitments an administrative agency makes at the point in time when the agency can first determine with some degree of accuracy what their magnitude will be. A payroll estimate, a travel order, a contract, a purchase order are all used to encumber the available appropriations for current operations. The actual disbursement of the appropriation comes later; in other words, there is a time lag between obligations and disbursements. The term "voucher" is ordinarily used to designate the formal administrative action of ordering payment of a stated amount to an individual payee. This voucher is prepared only after a service has been rendered or a commodity delivered. At the end of the month the actual payroll stating how much each individual is to be paid constitutes a voucher. This is an instruction to the disbursing officer to pay the specified amounts to each of the persons listed thereon. After a purchase order or contract has been fulfilled, and the actual commodities delivered, the proper office prepares a voucher directing payment to the vendor and forwards this to the disbursing office, usually with a receiving report to attest the delivery. In some purchase and other operations all the work under a contract or order may not be fully executed until some period after the initial contract was made. In the Federal government obligations may be liquidated for a full two-year period after the close of a fiscal year, and in some construction and military-procurement operations the time has been extended, sometimes through the device of a contract *authorization.*

In government accounting *disbursement* means that a voucher directing actual payment of a stated amount has been prepared, recorded, and forwarded to the appropriate disbursing office. The balance between disbursements and obligations makes up the amount of *unliquidated obligations.* If this balance is large when compared with oustanding obligations, management knows that one of two conditions exists. Either the time lag between obligations and disbursements is a long one, or obligations have been overstated and do not accurately reflect the actual amounts expended. Either condition may require management attention.

There are, of course, many details to government accounting involving the kinds and forms of documents used as accounting media, the processes of original entry into the accounts, the general ledger accounts maintained, double-entry bookkeeping, and procedures in striking trial balances. There are also problems in classifying expenditures and income so as to be meaningful for management review. In recent years substantial economies have been made possible by the introduction of mechanical forms of bookkeeping and accounting, although machine operation can be costly if specialized personnel and equipment are not fully and properly utilized. Much attention has been given also to simplifying accounting procedures. A general realization has grown that accounting is a vital management tool and so must be organized in such a way as to provide supervisory levels with accurate and timely information. Government accounting has become a larger and more important process as administrative agencies have expanded and as government services have grown in volume and complexity.[2]

In 1948 the task force on accounting for the (Hoover) Commission on Organization of the Executive Branch of the Government criticized

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[2] On this whole subject see especially Lloyd Morey, *Introduction to Government Accounting,* 2d ed. (New York: Wiley, 1936); Carl H. Chatters and Irving Tenner, *Municipal and Governmental Accounting* (New York: Prentice-Hall, 1940); and E. F. Bartelt, *Accounting Procedures of the Federal Government* (Chicago: Public Administration Service, 1940).

Federal accounting practices on several scores. The task force declared that there was no formal accounting plan for the government as a whole, and that organizational authority in this field was badly confused. It then set forth some 13 general recommendations on broad matters of accounting organization, procedures, and personnel.[3] The Commission itself in large part endorsed these views.[4] Since that time a good deal of additional effort has been devoted to two major purposes: to simplifying accounting practices and to improving the accounting information made available to and utilized by management.[5] Moreover, the Budgeting and Accounting Procedures Act of 1950, approved Sept. 12, 1950 (Public Law 784 of the Eighty-first Congress), directed further changes. Part II of this act placed responsibility upon the executive branch for maintaining an accounting system and for producing necessary financial reports. The act specified that the "auditing" to be done by the Comptroller General should be confined to determining the extent to which accounting and reporting operations of administrative agencies fulfilled legal requirements. The act was especially noteworthy in authorizing the Comptroller General to discontinue the maintenance of separate administrative accounts for government agencies and to rely for his audit purposes upon direct examination of accounts maintained by administrative agencies.

Reporting

Accounting records indicate the status of the fiscal transactions of government. It is the reports taken from these records which provide management, the chief executive, legislators, and the general public with the facts about government's financial operations. Financial reports are essential to any system of fiscal control.

The first need is for reports available to management. Many administrative agencies find that a monthly financial report of income and expenditure by funds and major appropriations is sufficient for their purposes. These reports provide the information management requires in making decisions about expanding or contracting the scope of operations and in ensuring the regularity of fiscal transactions. Usually these reports are prepared directly from accounting records. At higher levels of management financial reports often represent a consolidation of information taken from individual reports prepared by subordinate operating units where the basic accounts are kept. It need scarcely be added that these monthly or other periodic reports should be designed to provide information in the form and in the detail management believes necessary for its internal informational and decision-making purposes.

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[3] *Task Force Report on Fiscal, Budgeting, and Accounting Activities*, pp. 89–93.

[4] Commission on Organization of the Executive Branch of the Government, *Budgeting and Accounting*, pp. 35–44.

[5] See, for example, H. W. Bordner, "The Development of Army Accounting," *Public Administration Review*, vol. 9 (Spring, 1949), p. 107; and T. Jack Gary, Jr., Lindsley H. Noble, and Alfred R. Golze, "Improvements in Federal Accounting," *Public Administration Review*, vol. 10 (Autumn, 1950), p. 270.

Summary financial reports are also important to chief executives and legislators. Both are concerned with major elements of fiscal policy; they must have reliable and timely information about government financial developments. In so far as the chief executive is concerned, ordinarily the head of the treasury and his budget officer provide him with the reports he needs. These same reports may be made available also to the legislature, or the auditor may provide legislative committees and individual members with periodic information. The use of broad classifications of related expenditures is helpful to a general examination of financial data. Moreover, various analyses are important to help a chief executive in perceiving major policy implications in government financing. For example, Federal expenditures and income need to be examined in terms of their impact upon general levels of employment, production, and prices. Moreover, cash income and outgo is apt to be more important for fiscal policy analysis than data on obligations and tax liabilities. The broad purposes of government expenditures need to be supplemented also by data on payroll outlay, purchase of supplies and services, and transfer payments. Some variety of financial reports may be desirable, then, to meet the broad policy needs of chief executives and legislators.

Finally, the general public, too, has an interest in financial reports. To some extent this interest is simply that of the right to know about government. An annual financial report, either in conjunction with the submission of budget estimates or separately, is prepared by most units of government and made generally available. Some agencies and governments have given special attention to making their reports informative with special graphic and other materials. In addition, there is a more specific concern with financial data evidenced by research agencies of universities, unions, business groups, and others. Many government bodies make an effort to provide the information thus requested within reasonable limits. For example, the U.S. Treasury publishes a daily statement showing the latest information on the Federal government financing condition as indicated by reports from Treasury offices and depositories.

Altogether, the reporting obligations arising out of recording the financial transactions of government are substantial, and require a good deal of attention by management.

Cost Analysis

From time to time some criticism is voiced on the grounds that government agencies do not practice cost accounting. Often such comment indicates little knowledge about the real extent of such accounting in private business and reveals little appreciation of the intricacies involved in the whole subject. Cost accounting means recording all expenditures incurred in the performance of some unit of work which can be enumerated. Thus an effort may be made to determine how much it costs to repair a mile of street, to install a mile of utility pipes, or to educate one student in average daily attendance at school. Such data may be useful in making comparisons of cost experience over a period of time or with other units of government. As we have already indicated, cost data are very necessary in preparing budget estimates.

One important difference between cost accounting and ordinary appropriation accounting is this. In any cost determination all elements of expense must be considered. Yet appropriation accounting for many activities of government records only the direct items of cost: the personal services directly used to render a service and the supplies and other items directly consumed. In addition to these direct costs there are also indirect costs of administrative supervision and plant operation, items which are usually separately recorded as a whole for an agency, thus covering a number of different activities. Cost accounting requires some system of recording or allocating these indirect costs to the various programs performed by an agency.

There are several pitfalls in cost accounting. First, the activity or program for which cost accounts are to be maintained must be carefully defined and be distinct from other activities. Second, special records may be necessary in order to make sure that all elements of direct cost are charged to an activity. This may be expensive, since such cost records will usually have to be in addition to the regular appropriation accounts. Third, some special arrangements must be made to divide indirect costs among the various activities of an agency. This, too, may be expensive, and often results in a good deal of internal wrangling about whether such costs have been properly charged to the different work programs. In the fourth place, cost data may be improperly used by management and by outsiders. There is often an assumption that cost per unit of a given volume of work represents a constant value regardless of the fluctuations of volume. The chances are that the longer the stretch of road being paved, the lower will be the cost per mile. The shorter the stretch of road to be paved, the higher will be the cost per mile. Costs vary greatly in government, as in industry, depending upon volume of output. There may even be a point in government service where for each additional unit of output the cost is higher than for previously produced units. Moreover, comparisons over time and between governmental bodies are dangerous, since there are so many variables in experience. Again, if we use the road example, it makes a great deal of difference in cost whether the road was constructed through densely or sparsely populated areas, whether the terrain was fairly level or mountainous, whether or not there were rivers to bridge, whether or not the soil provided a firm base, and whether or not the road was constructed for heavy loads and long durability. In a school system educational costs vary with differences in the standards of class size and extent of curriculum offerings. Cost comparisons are almost meaningless unless these variables are somehow allowed for.

The expense factor just mentioned has been one reason why cost accounting has not been generally practiced by administrative agencies. Appropriation accounts are essential. Management must keep them in order to meet the legal requirements of government service. Cost accounts may be an administrative convenience, but they are not indispensable. With the difficulties common to cost accounting, it is not surprising that many government agencies have not kept such records.

Management has an alternative to cost accounting. This we may term "cost analysis." Cost analysis varies from cost accounting in that it does not require separate and complete cost records but proceeds on the basis of existing accounting records. It may use short-cut formulas in allocating indirect costs. Such formulas are at best an approximation, but they are often accurate enough to guide management decisions. Cost analysis, moreover, is not a continuing operation but periodic; it may be done on a sampling rather than a complete-coverage basis. This cost analysis work, often done under the jurisdiction of a budget office, can usually provide the data needed in budget preparation. It can indicate to management where troublesome conditions exist and so where special attention should be given. Cost analysis is a tool which modern management in the public service can scarcely afford to do without. Cost accounting may be an expensive luxury beyond the means or need of many government agencies. But the deficiencies of cost accounting do not justify a management attitude of indifference to cost factors in the performance of public service.

Summary

Fiscal control is the process by which management ensures that budget plans are properly executed, that appropriation limitations are duly honored, and that various legal restrictions on the commitment of funds are carefully observed. The task of management's fiscal control is to get the essential work of an agency accomplished while abiding by the legal requirements surrounding the expenditure of public funds.

Accounting is the specialized technique employed by management to ensure the legal and other regularity of all financial transactions. Accounting reports provide information for the guidance of basic management decisions about the magnitude of administrative operations and about various details of procedure. Income and expenditure data are also essential for chief executives, legislatures, and the general public.

The process of fiscal control developed by management is an earnest testimony to its financial integrity.

CHAPTER 11 *Management Improvement*

In preparing budget estimates for submission to the chief executive and to the legislature, top management must make choices among the various activities for which it is responsible. In executing appropriations, top management must perform the essential services authorized while observing the legal limitations set for administrative operations. But management has a third concern as well. It must be able to answer the question: Are operations being conducted as efficiently as possible? That is, could more service be rendered with the same resources of personnel and materials? Could the resources requested by subordinate operating officials be reduced without curtailing the essential services rendered? This question of how might the work of an agency be conducted more efficiently than at present is a continuing challenge to management. It is a question which requires never-ending attention.

The response of management to this eternal problem of efficiency lies in a management improvement program. The purpose of such an effort is to find ways and means by which management at all levels of operation can realize its service goals with fewer persons, fewer supplies, fewer other requirements. Ordinarily we call this search the endeavor to promote efficiency. It might equally, perhaps even better, be called the endeavor to increase productivity, to do more with available resources. "Efficiency" has come to mean to many people economy, a reduction in costs. "Productivity" has come to mean increased output. The real need in the public service much of the time is not economy but increased output.

Our whole thesis in this volume is how to manage the work of government administrative services more effectively, that is, how to increase the productivity of the public service. In a sense this chapter may seem a recapitulation of the volume as a whole. We need this discussion at this point because the matter of productivity is so closely related to the question of the financial resources available to government for its work. Budget and fiscal administration cannot be readily separated from the broader question of the relationship which exists between service output and resources input. Indeed, it is the author's personal belief that unless budgeting practices ask and answer this question, one of the essential phases of the process has been ignored.

In recent years management in the public service has become more and more self-conscious about its operating practices. A management improvement program is the formalized means whereby this self-consciousness can find expression in tangible effort. When the Budget and Accounting Act of the Federal government was passed in 1921, it included a section directing the Budget Bureau to secure "greater economy and efficiency in the conduct of the public service."

In 1937 the President's Committee on Administrative Management asserted that it was necessary for central executive direction "to pursue day after day and year after year, in season and out of season, the task of cutting costs, of improving the service, and of raising the standards of performance." [1] In 1949 the Hoover Commission spoke of the need for a "well-rounded and balanced budget agency with particular emphasis given to the development of a more comprehensive program for the improvement of administrative management in the executive branch. . . ." [2]

Following upon the heels of the recommendations of the Hoover Commission, President Truman by Executive Order 10072 on July 29, 1949, directed department and agency heads to "provide for the periodic and systematic appraisal of operations to improve effectiveness and performance." In the same order the President established an Advisory Committee on Management Improvement to promote these efforts in all administrative agencies of the Federal government. This action was later endorsed by Congress in Sec. 104 of the Budget and Accounting Procedures Act of 1950, which directed the President through the Budget Bureau, "to evaluate and develop improved plans for the organization, coordination, and management of the executive branch of the Government with a view to efficient and economical service."

Developments similar to these have been occurring in many state and local governments. Thus a recent study in New York City has pointed out: "The organization and operation of a central staff agency for methods analysis and improvement, as now exemplified in the Bureau of the Budget and in the analysis units of the various City departments, is of far-reaching importance in furthering a management program as big and ramified as the City of New York."[3] Governments at all levels in the United States have become aware that increased productivity is as essential as increased appropriations while our nation becomes larger in population and more complex in its social organization.

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[1] President's Committee on Administrative Management, *Report with General Studies* (Washington: Government Printing Office, 1937), p. 45.

[2] Commission on Organization of the Executive Branch of the Government, *General Management of the Executive Branch,* a report to the Congress, February, 1949 (Washington: Government Printing Office, 1949), p. 27.

Organized and continuing management improvement programs are tending to develop throughout government agencies today. During World War II the Armed Forces set up substantial efforts to improve their operations.[4] These endeavors have been continued and in some instances strengthened in the postwar years.[5] In December, 1952, the President's Advisory Committee on Management reported on the general developments which were taking place in the Federal government looking toward greater effectiveness in administrative operations.[6] It may be fairly said that in the public service of this country management has become increasingly aware that it has a duty to improve the work of administrative agencies in a variety of ways. This need and this awareness are not likely to diminish in the years ahead.

It is appropriate, then, to endeavor in a brief space to outline first the scope or content of management improvement activities, and second to indicate the principal techniques which have been used in promoting such improvement. Necessarily, we must touch upon matters here which either have been mentioned before or will be mentioned in subsequent chapters. It seems nonetheless desirable at this point to provide some general understanding of what management improvement activities have endeavored to accomplish and of the methods employed to determine desirable changes.

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[3] *Modern Management for the City of New York,* Report of the Mayor's Committee on Management Survey, vol. I (1953), p. 46.

[4] On the work in the Army Service Forces of the War Department see the symposium in *Public Administration Review,* vol. 4 (Autumn, 1944), beginning on p. 257; the Navy story has been told in another symposium in *Public Administration Review,* vol. 5 (Autumn, 1945), beginning on p. 289.

[5] See, for example, William W. Parsons, "Installing Management Improvement in the United States Treasury Department," *Public Administration Review,* vol. 10 (Summer, 1950), p. 176. See also William R. Divine, "Strengthening the Management of Federal Programs," *Public Administration Review,* vol. 13 (Winter, 1953), p. 38.

[6] President's Advisory Committee on Management, *Report to the President,* (Washington: Government Printing Office, December, 1952); this report was reproduced in full in *Public Administration Review,* vol. 13 (Winter, 1953), p. 38.

THE SCOPE OF MANAGEMENT IMPROVEMENT EFFORTS

It is not enough to talk about management improvement in the abstract. If administrative operations are to become more effective in volume of service rendered or in resources required for their performance, certain concrete and specific action is required. In the process of developing improved management practices, common fields or areas of concern have emerged to date. These are our subject of attention here.

Organization

The most common object of interest in management improvement programs has tended to be the organizational structure of administrative agencies. It is surprising how little attention has so often been given to changing organizational situations. In agencies whose work has had to expand under the pressure of increased work loads, and in agencies whose work has substantially altered because of changing circumstances, management has often permitted the statics of previously accustomed structure to control new needs. The result has often been organizational arrangements ill-adapted to the existing work load or work characteristics of an agency. Management improvement efforts have then endeavored to suggest how structure might be changed better to fit current circumstances.

In this process of reviewing organization three aspects have usually been given special attention. The first is that of grouping activities of a closely related nature into a single operating unit. Sometimes the criterion for judgment is the elimination of overlapping and duplicating work performed by different operating units. Sometimes the criterion is the desirability of effective supervision over closely related activities having some fundamental element of cohesion or unity of purpose. Sometimes the criterion is a reduction in the number of operating units subject to the supervisory authority of a single management level. Sometimes the criterion is equalization of work load among operating units. Sometimes the criterion is simplification of supervisory structure. Obviously these criteria are not mutually exclusive; their application to individual situations is a matter of judgment. But the general objective of grouping related activities remains a major goal in the effort to improve the organizational structure of administrative agencies.

In the second place, a good deal of attention has been given to management organization itself. Here the principal concern has been to provide administrators, especially at the top levels of departments and bureaus, with sufficient assistance to exercise effective direction of the activities for which they are responsible. Sometimes administrators have failed to provide themselves with a capable deputy as work has expanded. Sometimes they have failed to provide themselves with desirable specialized assistants to help on particular phases of the management task. Many administrators tend to cling to the work habits developed when an agency was small and have not learned how to delegate authority to aides. The result may be delays and even failures in getting the essential work of an agency done. But even in this area of management organization there is a corollary danger of building too much staff, to the point where the staff endeavors to take over work which properly should belong with the subordinate operating units. Here again elements of human judgment must be applied.

In the third place, efforts to improve organization have been much concerned with the structure of field offices. Increasingly, careful studies of field operations have pointed out that a proliferation of field offices can be expensive in overhead costs and in uncoordinated field action. The proposed goal of an integrated field structure has been partially blocked because of an inability in many agencies to develop a meaningful practice of "dual supervision." The specialists have feared a lack of adequate direction over their work if an integrated field operation under a general manager were created. Top administrators have been reluctant to ignore these fears, and yet have not taken action to show that such fears may be unjustified. There have also been efforts to equalize work loads among field offices, to increase the discretion conferred upon field officers in meeting local situations, and to ensure that field areas are large enough to support full utilization of specialized personnel and facilities.

To be sure, this special attention to operating organization, management organization, and field organization does not exhaust the concerns which management improvement efforts have devoted to the structural arrangements of administrative agencies. But it seems fair to conclude that in practice these have been the principal subjects which have received attention in systematic attempts to improve organization.

Procedures

A great deal of government activity necessarily involves paper work. In fact, this situation is true of many great organizations, such as the private gas and electric company, the insurance firm, and even great industrial establishments. If some care is not observed, it is quite possible for an administrative agency to become involved in a morass of "red tape." The procedures for handling applications, permits and licenses, and various records may become so complicated that excessive manpower is required to do the job and delays result in serving the public. For these reasons a great deal of attention in management improvement programs has been devoted to better handling of procedural processes.

The first objective in this field has been work simplification. Systematic efforts have been directed toward improved work flow. This begins usually with an analysis of the distribution of work among employees in order to determine (1) what activities take the most time, (2) whether there are unimportant and unnecessary tasks, (3) whether specialized skills are being fully utilized, (4) whether employees are doing too many unrelated tasks, (5) whether too many employees are expected to do the same thing, with resultant "buck passing," and (6) whether the work load is evenly distributed among employees. Another phase is to examine all the steps involved in work flow to determine (1) whether each step is necessary, (2) whether some steps might be combined, (3) whether each step occurs in proper sequence, and (4) how the time span involved might be appreciably reduced.

The standards which have guided procedural improvements have been relatively simple. Work schedules should provide an even flow of activity for every person, and not result in unutilized time for some employees or facilities. Specialization of work is desirable in order to enable an employee to do related tasks with a greater degree of output. But overspecialization which results in unused time for an employee is undesirable. Unnecessary steps should be avoided, as in an excess of caution which provides for a dual inspection of papers even when it is known that errors of less than one-tenth of 1 per cent are discovered on the second check. Personnel requirements should be adequate for the work load, but only when every effort has been made to eliminate wasted time. Delays in handling papers should be eliminated; some standards of expeditious action should be fixed and observed. Employees should be encouraged to realize maximum possible and reasonable output, especially by maintaining work production records and promoting friendly competition.

In this concern for simplifying procedures and increasing worker productivity much has been accomplished by mechanization of paper work. In an earlier day all paper work had to be done by hand. First the typewriter, then the adding machine and bookkeeping machines, and now a whole mechanical system of card punchers, verifiers, sorters, tabulators, converters, and reproducers have greatly increased man's capacity to handle paper work in large volume. But the availability of these amazing contrivances has introduced a new problem: that of proper utilization. Machine record keeping can be expensive indeed unless its limitations as well as its potentialities are understood. A whole new kind of expert in management improvement has accordingly been created, the specialist in electric accounting-machine installation. It has been estimated that machines, when properly used, can do a given volume of paper work with 10 per cent of the personnel which would otherwise be required. When the machine cost is calculated, a possible economy of 75 per cent has been realized in some operations of government. The work to be done by a machine must be carefully studied. Ordinarily, machine accounting from the punched card is economic when a variety of combinations of the same basic data are needed on a repetitive basis. The volume of these data must also be sufficient to warrant machine operations, although this may be overcome by using a central machine installation serving a number of different agencies or offices. In general, it does not pay to punch cards for a one-time calculation.

Office layout has been another focus of interest. Especially when office space is in short supply, as has been the case in recent years, it is important to save space in every way possible. Office equipment, moreover, is expensive and must be used to the fullest advantage. The objectives of office layout have been (1) to obtain a straight-line flow of work with a minimum of crisscrossing of papers in process; (2) to conserve space while providing sufficient room for each person to work effectively; (3) to reduce the time required to complete a unit's work; (4) to provide working conditions which will diminish fatigue and increase personal efficiency; and (5) to permit foreseen expansion and to cut down on movement of office quarters. In realizing these purposes a number of standards have been formulated. One is the standard that work processes should flow continually forward within a unit. Another is that units whose work is complementary should be located adjacent to each other. A third is that supervisors should be located adjacent to the units which they direct. Offices visited by the public should be located near principal entrances. It is desirable to minimize the number of private offices and partitions since these obstruct clerical supervision and interfere with lighting, heating, ventilation, and work flow. Private offices are necessary only when quiet is essential to a person's work or when confidential conferences are frequent. The areas which are best lighted should be used for clerical activities requiring close and constant visual work. Areas away from windows should be used for aisles, files, and other storage needs. Units making the most use of elevators or ramps should be located near these facilities. Finally any work which produces movement or noise should be segregated as far as possible from people doing mental work.

Some government offices have achieved notable improvements in the working conditions for their employees by careful attention to proper lighting, by the use of pastel shades of paint on walls, and by insulation to reduce the noise of machine operations in processing papers. Employee fatigue is a major concern in any highly repetitive work; any improvements which result in reducing such fatigue add to work efficiency and employee satisfaction.

Still another subject of concern in the field of procedures has been forms design and standardization. Much paper work involves the use of forms which are filled out by a client of the agency or are maintained internally. The very volume of such forms has led many government agencies to institute a rigorous control forbidding the design or reproduction of a new form without approval of a central office. This practice serves a dual purpose. It requires an initiating office to give a full justification for a new form. This helps cultivate a realization that setting up forms is a serious matter. In addition, a central check may ascertain whether some existing form might be used or modified to meet the need. In the second place, a central office might include one or two persons specially acquainted with the intricacies of proper forms design.

Forms are used for two reasons: to transmit essential information and to provide a record of past transactions. If a form does not accomplish one of these two things, there is no need for it. Standardization and simplification of forms may be achieved by an inventory of all forms used by an office, by separating essential information from nonessential, by comparing related forms and consolidating information, and by redesigning new forms to serve multiple uses. Forms design itself has become a specialized art. It is particularly desirable that forms be useful and easy to fill out. The sequence of entries affects the arrangement of a form. Usually a form has to be filled out, checked or approved, filed, and perhaps later located. Form layout has to meet all these needs and avoid the necessity for a person to "jump around" in filling out the required data. If a form is to be filed alphabetically by name, obviously the name should go in the upper corner where it can be readily spotted. Spacing obviously should fit the kind of machine to be used. For typewriting, for example, 10 spaces to an inch horizontally and 6 lines to an inch vertically must be provided. On a hand-written form, lines should preferably be half an inch apart. A common standard employed in forms design is the "box-type" arrangement, which clearly defines the various areas for entry and which groups all related items. Space on a form is thus allocated in proportion to the convenient insertion of desired information. The boxes in such a form may be numbered as a matter of convenience. In standardizing the size of forms it is desirable to use units or multiples of 8½ by 11 inches, the standard size of typewriter paper and the usual size for filing. With these basic dimensions it is still possible to design forms in several different sizes, from half a page to four pages with a single fold. Manifold forms are those bound together in some fashion which expedites the filling out of several copies at one time, preserves a set of forms (such as a purchase-order book) within a single cover, or permits continuous operation (such as of a teletypewriter or a tabulating machine). Only special circumstances justify the extra cost entailed in using manifold or specialty forms.

Procedures employed in handling paper work obviously comprise a sizable field of management improvement concern. Almost all paper operations deserve periodic review in order to ensure that work processes are simplified as much as possible.

Budget and Accounting Practices

Another broad subject of attention in management improvement efforts has involved the budget and fiscal control processes themselves. These efforts have been directed in the first place to improving the accuracy of agency estimates of expenditures and of miscellaneous receipts arising from administrative operations. The need for such accuracy scarcely requires demonstration, the impact of government spending and taxation being what it is today. One test of accuracy is to review past experience to determine how accurate estimates have been in previous years. If the discrepancies have been considerable, the questions naturally arise: Why have forecasts been relatively inaccurate? What can be done to be more accurate in the future? Sometimes agencies do not properly apply the definitions of what constitutes an expenditure in budgetary terminology. If an agency follows the practice of overestimating obligation costs when incurred, and does not adjust these downward properly when actual costs are known, the agency will overstate its future obligation needs. If an agency does not have an accurate idea of the time lag between incurring an obligation and issuing a voucher in payment, it cannot estimate future obligations or actual expenditures with any high degree of accuracy. If an agency has not studied its costs in terms of work load or has not carefully estimated future work load, budget estimates are not apt to be very accurate. These and many other factors in budget preparation require attention in order to improve expenditure estimates.

In estimating miscellaneous receipts, an agency may not make a separate analysis of each source of income, and may not have very good information about the factors which increase or decrease these receipts. Sometimes trends in receipts have not been established; future projections based upon some static past time period may be quite faulty. Seasonal, cyclical, and other influences may result in a fluctuation in receipts. Unless all such factors are analyzed, receipts may be over- or underestimated, with complicating results for the entire budget process.

Attention has also been given to particular phases of reviewing expenditure schedules. How carefully are the man-year requirements for personal service calculated, and what allowance is made for turnover? Are obligations for nonpersonal services based upon past experience or future work schedules? What efforts are made to review input requirements in terms of the efficiency of administrative operations? How convincing are the records and other details used to justify expenditure needs? To what extent are matters of public policy and administrative decision reflected in budget requirements? How much personal attention of top management is devoted to budget preparation? Answers to questions like these may indicate a good deal about the quality of budget preparation.

Management improvement studies have examined fiscal-control procedures in order to simplify work processes. The currency of all posting operations may be investigated, together with such matters as whether accounts reflect all obligating documents, the frequency with which unliquidated obligation balances are compared with obligation documents, whether the proper and necessary accounts are being maintained, whether costs are being classified properly and distributed by object, whether vouchers are promptly handled, the extent of exceptions taken by the external auditor, the use and periodicity of fiscal reports, and similar matters. The way in which all these transactions are being handled again indicates whether the management of an agency at any particular level is exercising effective fiscal control of its operations.

Personnel

The next two chapters present the basic issues of personnel policy and procedure in the public service. Management improvement interests in this field have tended to concentrate upon two aspects. One has been simplification of personnel procedures, especially the paper work involved in initial appointment, transfer, and promotion of personnel, in maintaining adequate personnel records, and in preparation of payrolls. The other has been to improve employee relations, especially by the establishment of employee suggestion systems and by operation of welfare programs intended to increase job satisfaction.

Personnel procedures are necessarily complicated. The file on each individual employee will usually include an application or qualification form, an instrument of initial appointment, oath of office, notices of subsequent personnel action such as pay increases and promotion, leave records, medical record, efficiency ratings, and more recently security clearances. Such a file must be accurate and up to date. Then there is the problem of what to do with the records of employees who may be inactive (on extended leave or military duty) or who have been separated from the public service. There is the question also of how these records are to be used in deciding promotion, transfer, and separation actions. The work load in maintaining personnel files may be studied in terms of the clerical staff needed for the job.

During World War II many Federal administrative agencies launched general programs to encourage individual employees to make suggestions about how to improve operations. Cash awards were presented to the employee making the best proposal in any one-month period. After the war, Public Law 600 of the Seventy-ninth Congress authorized agencies to set up suggestion programs on a continuing basis. This practice encourages employees to think constructively about their work and how it might be performed more efficiently. It gives evidence that management is actually interested in what employees think, and by rewarding useful proposals which are adopted it gives some recognition to those who propose better work processes. Improved communication between management and employees may also be encouraged. On the other hand, a suggestion system cannot be kept going under high pressure over a protracted period of time. Formalized efforts including posters and the setting up of a suggestion box may be desirable intermittently. At other times just a general management sympathy toward new ideas can accomplish a great deal in advancing employee interest in their jobs.

Grievance machinery may be important in some personnel situations. At least this is a matter which deserves attention. In addition, management of late has given more concern to problems of employee welfare, such as health service, counseling on personal problems, savings and lending arrangements, and recreational activities. These have helped promote employee satisfaction in an agency, have increased worker productivity, and lessened labor turnover. At the same time the expansion of these activities in a highly competitive labor market as has existed in recent years has raised the question of just how much of this sort of work management in the public service should be reasonably expected to provide. In any event, the whole field of personnel policy and procedure has been a fruitful one for continuing management attention in order to achieve more effective operation.

Internal Services

Another major subject of concern in management improvement work has been the whole field of internal or housekeeping services. The most common of such services are building operations and maintenance, procurement and storage of supplies, reproduction services, mail and messenger service, transportation and communication service, maintenance of equipment and especially of motorized vehicles, and records service. Each of these internal services presents its own peculiar problems in effective performance. We shall say more about these in later chapters.

The first challenge to management improvement efforts has been to determine whether any one of or all these services is being competently managed. Usually this has involved a study of existing operating practices in each service in comparison with the best standards or techniques currently known. For example, inventory control of supplies on hand in an administrative agency has proved a difficult area of operation. Large inventories build up storage and handling costs. When an agency carries many different items, it is frequently difficult to identify them all and to maintain an accurate record of turnover as well as of stocks on hand. Yet knowledge of turnover is essential to proper purchase control. Moreover, a review of inventory-control practices may be made too infrequently by management. And this is just one phase of supply activity. The study of this and many other internal services has frequently revealed the opportunities for substantial improvement.

A major issue in examining internal services, however, has been one of organization. To what extent and in what degree should a service be centralized for an administrative agency as a whole, for a government jurisdiction, or for a common geographical area? No issue has caused more debate and conflict in many an administrative agency. For example, the Federal Security Agency had the problem whether to centralize library work and have a single library for the agency in Washington headquarters or to permit each of its operating units—primarily the Office of Education, the Public Health Service, and the Social Security Administration—to have its own separate library, with its own librarian, library facilities, and books. After it had considered this question for some time, the management of the agency decided to centralize the library activity for the agency as a whole, but the recriminations were vociferous indeed, especially on the part of the Office of Education.[7]

To give another example, we may mention the motor maintenance problem of any fairly large city. The police force operates a number of patrol cars and one or more emergency trucks. The public works department will have trucks for road repair, garbage and rubbish collection equipment, and passenger autos for its building inspectors. The health department uses automobiles for its sanitary engineers, public-health nurses, and doctors. Other departments as well will have a few automobiles or trucks for their use. The organizational problem, then, is whether each department shall have its own garage and its own arrangements for motor maintenance or whether there should be one single municipal garage to service all the motor equipment of the city.

Exactly the same kind of question may be asked about reproduction service, about mail and messenger service, about purchasing and storage activities, and all other internal housekeeping services. The issue is the extent to which such services shall be centralized at one point in an organizational structure, with all operating offices then drawing upon the service as needed. It is not an easy question to answer, although in former years the customary answer of all "expert" studies of the situation was the recommendation: centralize. Today experts and administrative officials more frequently realize that there are advantages and disadvantages to either arrangement. The solution is sought in terms of the practice which on balance appears to be least disadvantageous under the conditions of a particular situation.

When an internal service is centralized, there are a number of advantages which may generally be anticipated. First of all, a centralized service brings together in one place the specialized personnel and the specialized equipment needed to perform that service. This arrangement usually results in improved supervision of the operation and permits introduction of the best-known techniques. Professionalization of the service is also promoted. In the second place, centralization usually means lower cost in performing a service, because the personnel and facilities can be fully utilized. Excess personnel and excess facilities beyond a "normal" or average work load can be disposed of. All service personnel can be fully occupied all the time. Moreover, idle time in use of facilities, or duplicating equipment and facilities, can be avoided. In the third place, if both specialized personnel and equipment to perform a particular service, such as motor maintenance, are scarce, centralized operation permits the creation of a system of priorities which means that the most urgent work gets done first. The situation is avoided where one department cannot get its trucks or automobiles repaired because its garage is so far behind in its work while another department has mechanics sitting around. If motor mechanics were centralized in one municipal garage, trucks and automobiles might be repaired in the order of the most urgent needs.

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[7] Cf. "The Office of Education Library" in Harold Stein, ed., *Public Administration and Policy Development* (New York: Harcourt, Brace, 1952), p. 33.

But there are disadvantages to a centralized service. First, the service is removed from the operating work which it helps to perform. The service specialist may lose an immediate interest and perhaps a concern for the effective operation of the end purpose itself. And in some instances, as in purchasing, it may make a great difference whether the service personnel know intimately the problems of those who are going to use particular supplies and equipment. Some desirable technical changes in specification, for example, may be delayed just because the service personnel have to learn more detail about specific operating problems. In the second place, a centralized service may promote congestion and result in delays in carrying out the essentials needed to facilitate administrative end purposes. For example, a centralized filing system may get behind in filing papers, or there may be so many papers to take care of that when a file is needed for an administrator who wishes to review past action before deciding a current issue, the desired papers cannot be found. In the third place, human or psychological factors may oppose centralization. An administrator of an operating job, deprived of direct control over a facilitating or housekeeping service, may feel that he has been denied the tools necessary to his job. He may blame delays or breakdowns in his operation upon the centralized service, which he claims failed to meet his needs. This kind of "buck passing" may have just enough validity to appear to be a reasonable defense.

Another aspect of the psychological factor has been encountered by most administrators who have ever tried to set up a stenographic pool.

Almost always an administrator has found that stenographers rather resent being herded together in a common room. They tend to be less interested in their work and often delay its completion. When stenographers are assigned full time to particular offices, they usually have more interest in the success or failure of that work, learn a good deal about it, and work harder. Typing pools may be necessary in a large clerical operation. Stenographic pools, on the other hand, seldom seem to work out very satisfactorily.

Today, then, there is less disposition to answer any problem about internal services with the pat solution: centralize. Rather, the realization has been growing in management improvement work that more flexibility of approach is desirable. As a general proposition, it is desirable to centralize a service at whatever level of organizational hierarchy it may be necessary in order to obtain full and economical use of specialized personnel and specialized facilities. But this level is not necessarily the top rung in the structure of an agency or of a governmental unit. Moreover, in many situations where some peculiar conditions exist, as, for example, in the purchase of hospital equipment, it may be desirable to leave actual purchase to the agency itself and to prescribe centrally only certain procedures to be used. Furthermore, in providing some services, a new organizational approach has been used, as in the Armed Forces, which is known as "assigning" performance of a central service to an operating agency upon the basis of "principal user." For example, if it were found in a municipality that the department of public works had the largest number of trucks and automobiles in operation, it might be decided to have the garage of that department perform heavy and specialized maintenance work for other municipal departments as well.

In any event, central services are a continuing center of interest in management improvement efforts since there are so many matters of procedure, technique, and organization which require attention and which may be subject to improvement.

Planning

In recent years another interest in the systematic endeavor to make management more effective has been planning. Usually management consultants or experts do not endeavor to review the substance of particular plans as formulated and carried out by operating agencies. Rather their concern is whether the planning responsibility of management has been clearly recognized, whether efforts are being made to formulate work objectives and major policies, and whether the plans are actually being used to guide administrative activity. Increasingly, it has been learned that both time and resources are wasted in group work unless objectives are clearly defined and consistently employed as the goal for all organized enterprise.

Sometimes the management improvement problem is to help create the necessary staff machinery to enable an administrative head to plan effectively. Sometimes the problem is to help improve planning procedures, so that required data are available and work programs are definitely fixed. Sometimes the problem may be in a failure to realize satisfactory communication of plans and policies to subordinate operating units. All these phases of the planning process as such may be analyzed, and even a "plan" for planning introduced. The essential factor is for administrative agencies to plan their operations in advance with as much care as possible. Management improvement seeks some assurance that this is being done.

Supervisory Practices

Finally, management at all levels of organization is being helped today to improve its supervisory practices. How does management learn what its operating parts are doing? How does management know that the information it acquires is accurate? How does management ensure that the work undertaken by operating units is the desired work and that it is proceeding according to "plan"? These and many similar questions may be asked about supervisory techniques.

Obviously, a management which is not exercising some degree of oversight of the work performed by operating units is not fulfilling its responsibility. More than this, such a management likewise is very apt to be suffering from a lack of coordinated effort and so is wasting precious resources. The latest techniques in supervisory practices may not be known to the management of an agency. An educational and installation task may then be needed.

But sometimes the problem may not be too little supervision but rather too much. Management may be expecting to be consulted about every action before it is taken. When this happens, it can result in tremendous congestion at some point in the hierarchy. Operating personnel may become discouraged, or their true capacities never fully used. Moreover, it is usually a failure on the part of management to define what it expects to be accomplished which leads to this sort of congestion. Occasionally, administrators distrust their subordinate personnel and know no other way to ensure faithful performance of their work.

Management improvement under such circumstances lies in endeavoring to build supervisory techniques which will confer more freedom of action upon subordinates while enabling management to concentrate upon essentials. It is not always easy to achieve such balance in the supervisory practices employed by the management of any particular administrative agency.

THE TECHNIQUES OF MANAGEMENT IMPROVEMENT

The Survey

In promoting improved management of agencies, several different techniques have been employed. Perhaps the best known and most commonly used is the survey. This is simply the technique of social-science inquiry applied to an administrative setting and designed to evaluate existing practices. A survey of administrative organization or of management activities endeavors to collect all possible facts about the present situation. This information is usually acquired by interview and observation, as well as by reading manuals and files. Sometimes formal questionnaires are used, and answers tabulated as in an opinion survey. More often the investigator has some general pattern of questions to which he seeks answers, questions similar to those already outlined in this chapter.

In making a survey study, the investigator or analyst must necessarily begin with some general knowledge of management problems and with some general ideas about what constitutes desirable behavior or practice. These preconceptions are not always clearly stated, but they exist; indeed it is difficult to understand how a survey could be started or completed without some more or less well-formulated concepts to guide both fact finding and subsequent evaluation. The fault with many surveys is that the investigator's experience may be limited or that his concepts may be too narrow and rigid. The present state of our knowledge about management permits the formulation of concepts to guide future behavior only in a tentative or experimental sense. There are few if any exact rules or "laws" which can be set forth.

Another danger in survey work is that the investigator will not familiarize himself adequately with the specific circumstances of the agency or problem he is studying. The investigator in a management improvement program usually has the advantage of not being a party to the struggle for power which goes on in an administrative agency. But he can scarcely afford to ignore such a struggle, or to blind himself to the fact that organizational changes may affect the status of those who are competing for position. There are political factors in the public service which must also be examined. And then it is not enough to have some ideas about desirable organization. The investigator must be sure that the problem he is studying is primarily organizational and not procedural or personal. He must decide whether in any given situation stronger central control or greater operating autonomy is the real need. He must decide, too, whether clientele satisfaction is more important than certain more limited considerations of internal efficiency. He must judge the importance of tradition to the whole operation. It is in the area of these broader considerations that so many survey studies are likely to be defective or inadequate.[8]

The survey information is then brought together, with appropriate exhibits, in a survey report. The report usually consists of findings of fact, conclusions about the effectiveness or noneffectiveness of present practices, and recommendations about future action. These recommendations may be discussed previously with management, or they may be presented "cold" without prior consideration. There are advantages in both practices, and much again depends upon circumstances. If the management of an agency is actively seeking to improve its work arrangements and practices, the course of a survey provides an excellent opportunity for education. Moreover, a sympathetic management may ensure adoption of the recommended changes. In some cases, too, prior discussion may lead the investigator to modify some of his own ideas. On the other hand, some management officials prefer not to discuss recommendations. They desire the investigator to work alone so that they may then be free to accept or reject his proposals in whole or in part. Sometimes the investigator who is disposed to be critical of the conditions he finds prefers to keep his suggestions to himself until he is finally ready to present them in full.

Although the survey technique has often been used in studies of organization, it may equally well be used to examine details of financial administration, purchasing practices, the handling and disposition of records, and the whole gamut of management interests. The organizational survey is just one use of the general-survey technique. Indeed, many surveys cover a wide range of matters from organization, finances and personnel administration, to research and planning, and public relations.[9]

The problem of follow-up in survey work is a troublesome one. Should the management immediately affected by the recommendations of a survey undertake installation of new practices? Or should the consultants and investigators take over the task of installation, training employees in the new practices, watching observance, and withdrawing only when satisfied that the recommended arrangements are fully operative? Here again there is no one answer. Either method of follow-up may be employed. Management at the operating level involved must be convinced that changes are desirable if they are to be effective over a period of time. But management often needs help, too, in getting changes under way. Sometimes changes may not be carried out for several years after they have been proposed. In these circumstances the survey may simply set goals for organization and procedure which management finds it feasible to effect only over a considerable period of time.

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[8] Cf. C. Dwight Waldo, "Organizational Analysis, Some Notes on Methods and Criteria," *Public Administration Review*, vol. 7 (Autumn, 1947), p. 236.

[9] For an illustration of the use of the survey technique see *Task Force Report on the Post Office*, Appendix I, prepared for the Commission on Organization of the Executive Branch of the Government (Washington: Government Printing Office, 1949).

Work Simplification

A number of techniques of analysis, especially of procedures, involve the preparation of diagrams in order to visualize a process and to help suggest improvements. For our purpose here we may group all these diagrammatic tools together and label them "work simplification methods."

One such technique is the work distribution chart. The purpose of this tool is to present clearly all the activities in a work unit doing clerical tasks and the contribution of each employee to those activities. The major activities are listed on the side or stub of the chart, the employees' names are individually listed across the top, and the tasks and time spent on each are filled in the boxes. The chart then helps to answer such questions as what activities take the most time, whether employees do too many unrelated tasks, and how evenly the work is distributed. These work distribution charts require a good deal of study in order to serve as the basis for any redistribution of tasks.[10]

Another tool is the process chart. This is a detailed record of the successive steps in a clerical procedure. It sets down in chronological order the various steps in the process. In order to help visualize and study the sequence of work, four symbols are employed: usually a wide circle to represent "operation," a smaller circle to represent "transportation," a triangle to represent "storage," and a square box to represent "inspection." A thin line is then used to connect each symbol. The process chart indeed may be set up as a standard form with the symbols ready to be blacked in as the study proceeds.

The process chart provides a basis for asking six simple questions: (1) *what* is being done; (2) *why* is this step necessary; (3) *where* should this step be done; (4) *when* should this step be done; (5) *who* should do this step; and (6) *how* should this step be done? Such questions seem obvious indeed, and yet it is surprising how seldom a supervisor may ask them. The process chart encourages self-inquiry and a desire to see if it is possible to simplify the procedure.

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[10] For a fuller account of the use of the work distribution chart see *Work Simplification,* Publication 91 (Chicago: Public Administration Service, 1945).

In the Adjutant General's Office during World War II a process chart was made of the procedures employed in the record examination unit of the enlisted man's branch handling induction papers. It was found that there were 67 steps in this procedure involving 20 different operations, 14 movements for a total distance of 605 feet, 29 storages, and 4 inspections. Upon study it was found possible to reduce the 67 steps to 41, involving only 10 operations, 11 movements for a total of 375 feet, 18 storages, and 2 inspections. The result was a considerable speed-up in processing induction papers and the capacity to handle a growing volume of work without additional personnel.[11]

Yet a third kind of diagram may be made of office layout, visualizing the physical location of persons and the movement of papers from one desk to another. Such a diagram will indicate whether there is much crisscrossing of work in process, and it may suggest possibilities of simplification.

Visual study of the work operation of the individual may also reveal important considerations for a supervisor's attention. A person sitting at a desk or at a counter has a radius of operation equal only to the length of the right or left arm. If all the working materials are not located within that radius, loss motion is involved in getting up and moving around in order to reach necessary materials. Some rearrangement of work space or of work assignment may result in making the work easier and faster to perform. Even work-gang processes of a non-clerical type may be charted visually and improvements then become evident.

Still a fifth kind of procedure analysis can be made from a charting of the number and movement of forms. This kind of study collects information about the forms used in a procedure, such as how many copies are prepared, where each copy goes, what is done with each, and what other forms are then prepared from the data contained on the original. Such analysis may help to answer the questions: Is it necessary to have so many copies of a form prepared? Is is necessary to have different forms or might they be combined? Is the procedure important enough to be standardized? Thus, for example, in one such study of purchasing procedure it was found that eight different forms were used. When the procedure was standardized, the number of forms was reduced to three, with all essential information and the flow the same as before.

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[11] Taken from *Work Simplification,* Army Service Forces Control Manual, Oct. 15, 1943.

All these diagrammatic tools may be employed in a management improvement program as means to simplifying work processes.

Work Measurement

The third general technique utilized in any systematic endeavor to improve operations is work measurement. This is a method for establishing standards between work produced by an operating unit and manpower used in the process. A work measurement program involves two essential conditions. One is precise definition of the work operation to be measured. This may be letters received, forms processed, tons of supplies shipped and received, or inspections made. The work operation involved must have some physical characteristics which enable it to be counted in terms of units, such as number of vehicles repaired, number of miles of road paved, or number of applications received. Second, it must be possible to record the number of man-hours utilized in the performance of the defined work operation. Thus, the essential ingredients of work measurement are measures of output and measures of *input* in terms of manpower used.[12]

If these two conditions are present, the utilization of work measurement depends upon the maintenance and reporting of exact data on both work load and man-hours. This means that a fairly substantial amount of record keeping becomes necessary. Sometimes these data may be taken from existing records; sometimes it is possible to dovetail the records already kept with the requirements of work measurement. But a work measurement system can only be as good as the accuracy of the data it uses.

Once the data are available, it is easy to calculate a work performance rate per unit of manpower used. Thus, by dividing the number of papers processed in a clerical unit by the number of man-hours expended, we may find that four cases are processed per each man-hour of work. Or this may be stated in terms of one case handled per one-quarter hour of manpower. This information provides management with a production rate for any given operation.

This production rate may be used in one of two ways. If there are many different operation units of an agency, such as field offices, doing the same kind of work, the production rate of one office may be compared with that of another. The best production rate may then be used as a standard, and an inquiry begun to find out why other field offices are not realizing this standard production rate. Or, as was done for a number of operations in the Army during World War II, the standard may not be the record of the best field office, but the record of the field office which stood at the first quartile in a rank order of work performance. In other words, the lowest three-quarters of the field offices in production rate were asked to equal the record of the field office which stood last in the first quarter of all field offices. If a still lower standard had been desired, management might have selected the average or the median of all field offices. But in order to provide a real incentive target for production rates, the performance of the office standing last in the upper quartile was selected as the standard.

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[12] Cf. *A Work Measurement System*, U.S. Bureau of the Budget, 1950. The author has also used here an Army Service Forces Control Manual, *Work Measurement*, October, 1945, and another booklet of the U.S. Bureau of the Budget, *Techniques for the Development of a Work Measurement System*, March, 1950.

Where different field offices do not exist to use as a comparison of performance, production rates may be analyzed over a period of time, such as every three or six months. Over a period of several years, management then knows the trend which is occurring in the production rate of a given operation and may inquire whether the performance at any one time is satisfactory in terms of past experience. Indeed, a standard can be fixed on the basis of a time series as well as on the basis of current performance of different offices.[13]

Data about production rates and a comparison of rates with standards may be used by management in a variety of ways. As we have suggested, management may use such data to provide operating supervisors with an objective guide to what will be considered satisfactory performance. It may be used also as the basis for starting an inquiry into the circumstances which have resulted in low production rates in a particular field office at a particular time. Information about production rates does not tell an administrator *what* is wrong; it only suggests that *something* is wrong. Further inquiry is necessary in order to determine the cause of unsatisfactory operation.

Work measurement data may be used by management to adjust work loads among offices. Ordinarily, the steadier the work load over a period of time and the heavier the load in terms of full utilization of personnel, the higher will be the production rate. Work measurement can be used to estimate personnel needs in order to handle a fluctuating work load, and so is indispensable in budgeting. Indeed, the so-called "program" or "performance" budget is impossible without data on work load and input requirements.

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[13] The mathematics of work measurement can become quite formidable. Cf., for example, Adam Abruzzi, *Work Measurement* (New York: Columbia University Press, 1952).

It is difficult to understand today how management could fulfill its responsibilities without some form or degree of work measurement information to guide its planning, its budgeting, and its efforts at management improvement.

The Operation of a Management Improvement Program

In one sense, management improvement is an essential part of budgeting since increasing productivity permits increased service or some economy in the requirements for personnel and other operating resources. In still a broader sense, however, a management improvement program means primarily an alert and sensitive management continually concerned to improve its activities. Whenever an administrator and his staff become convinced that everything is perfect in their particular administrative agency, one can be fairly sure that a period of stagnation has begun to set in. Management needs to strive constantly to do all administrative work better.

Today, however, the operation of the particular techniques or tools of management improvement which have been outlined in this chapter requires specific personnel. Many administrative agencies have created their own management improvement staffs in order to direct this activity on a continuing basis. In the Federal government the Bureau of the Budget since 1939 has given continuing attention to promoting the establishment of such department staffs. This Bureau has carried on an extensive promotional and training program to encourage departmental and bureau use of management improvement techniques.

Toward this end, the Federal Bureau of the Budget has published a whole series of management bulletins beginning with a pamphlet for self-appraisal of the need for a management improvement program. This initial effort was followed by the publication of bulletins on such subjects as budget preparation, fiscal records and controls, property records and controls, a Federal inventory control system, records management, process charting, work simplication, and work measurement. In addition, the Bureau of the Budget organized training conferences to instruct departmental staffs in the use of management improvement techniques.[14] Moreover, the Bureau of the Budget has itself provided management improvement services to various departments and agencies upon request. Similarly, department staffs have assisted bureau chiefs or, upon direction of the department head, may inquire into specific operating problems. Because of the limited personnel available for such work, it generally seems necessary to limit the full-time management improvement staff of a government agency to the department level. From such a point they may work with operating heads as requested or as desired by the department head.

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[14] See Virginia L. Fisher, "Conference Training in Federal Budgeting," *Public Administration Review*, vol. 9 (Autumn, 1949), p. 265. See also Harry H. Fite, "Training Supervisors in Management Analysis," *Public Personnel Review*, vol. 6 (April, 1945), p. 92.

Government agencies may also make use of private consulting firms offering management improvement services. Many government bodies, national, state, and local, have periodically contracted with some private firm to make management improvement studies. The outside consulting firm has several advantages. A well-known and reputable firm brings specialized knowledge and techniques to bear upon a problem area. The outside specialist has an objective point of view about the practices and personalities of an agency. But the consulting firm has disadvantages as well. The outside investigator may have some difficulty in building up the necessary confidence and cooperation of agency officials. The investigator also may oversimplify the situations he analyzes, not having time to discover the full complexity of the procedures presently employed. Moreover, the outside firm departs when its work of investigation is done, and so assumes no responsibility for actual installation of recommended improvements.

From time to time a chief executive or a legislature may desire to have a management study made of selected or general administrative activities. This was done in 1948–1949 by the Federal government under the auspices of the "Hoover" Commission on Organization of the Executive Branch of the Government. Another inquiry was authorized by Congress in 1953 under a new Hoover Commission. One of the most extensive studies undertaken in recent years at the municipal level was that set up under the auspices of the Mayor's Committee on Management Survey for the City of New York from 1950 to 1952. The same advantages and disadvantages involved in the use of the private outside consulting firm arise in the operation of these executive and legislative commissions.

Lasting results in management improvement appear to be most certain when the management of administrative agencies is itself actively interested in economy and increased productivity. Employee interest in the same ends might be more actively cultivated, with resulting gains in improved employee morale. But wherever the stimulus may be found, in outside investigation or in internal self-assessment, management in the public service is tending to give increased attention to the effective performance of the public service.

CHAPTER 12 *Essentials of Personnel Policy*

Organization structure may provide the framework for administrative activities and budgets may fix the resources to be expended, but it takes people to do the work. A third common operating problem for management is personnel, is recruiting and retaining the individual persons who are the vital element of all administration.

Personnel policy in the public service is fixed in outline by legislation and by direction of a chief executive. The task of management is to operate within this framework in such a way as to promote effective administrative performance. Management's personnel discretion is not so broad as that which management in private enterprise usually enjoys. Yet much can be accomplished within these limits. In addition, management may influence the personnel policy set forth in legislative enactment and in executive pronouncement.

Because the fundamentals of personnel policy within which management must operate are so determinative of administrative achievement, it is necessary to begin with these. Matters primarily of personnel technique and procedure will be discussed in the following chapter. Here we are concerned with observing the basic issues of personnel practice in the public service and with noticing the interaction of legislature, executive, and management. Moreover, we must understand at the outset that few aspects of administration have excited more continuing political attention in our country than personnel operations. There have been peculiarities in our structure of government and in our culture which have aroused this interest and affected our personnel practice. For example, our country developed out of a wilderness in which physical prowess and determination largely fixed a man's place in society. Feudal ideas of status did not long survive in the United States. It was natural for us to believe that there were only a few differences among men and that almost anyone was competent to man the public service of our nation. This sort of attitude has continued to our own day. In order to grasp the problems of personnel management, one must have a deep understanding of American politics and culture as well.

Appointment by Political Preference or Individual Fitness

The first basic issue in personnel policy is whether persons shall be appointed to administrative office on the basis of political preference or individual fitness. To be sure, on occasion the two qualifications may be combined, and sometimes a workable compromise is achieved in selecting persons for service. But essentially the choice is between the two extremes just mentioned.

The Constitution of the United States when it went into effect in 1789 contained two provisions about appointment to administrative positions under the new government. Article II, Sec. 2 provided that the President "shall nominate, and by and with the advice and consent of the Senate, shall appoint ambassadors, other public ministers and consuls, . . . and all other officers of the United States, whose appointments are not herein otherwise provided for, and which shall be established by law." The same section and clause went on to specify, however, that "the Congress may by law vest the appointment of such inferior officers, as they think proper, in the President alone, in the courts of law, or in the heads of departments." As a result there are two formal methods of appointing persons to administrative positions: (1) appointment by the President, by and with the advice and consent of the Senate, and (2) appointment by the President or a department or agency head. The choice between these two methods is made by Congress, which either specifies particular positions by law or authorizes an administrative agency to hire necessary employees within the limits of available appropriations.

Appointments by the President, with the approval of the Senate, extend to a wide variety of administrative positions. These are as follows, with the numbers an approximation only: [1]

Department heads, agency heads, members of boards	200
Bureau chiefs and other officials	75
United States attorneys and marshals	190
Collectors of Customs (also comptrollers and surveyors)	50
Ambassadors and ministers (including UN representatives)	120
U.S. Foreign Service	1,700
Postmasters (first, second, and third class)	22,000

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[1] All but the figures on the postmasters and the Armed Forces have been calculated from *Positions Not under the Civil Service*, 83d Cong., 1st sess., S. Doc. 18.

Public Health Service	2,300
Major commands in the Armed Forces	100
Regular officers, Armed Forces	100,000
Coast and Geodetic Survey	170
United States Mints and assay offices	20

Many of these appointments are in fact based upon a system of individual fitness rather than of political preference. For instance, all military officers are so appointed. The same is true of members of the Foreign Service, the Public Health Service, and the Coast and Geodetic Survey. In all these instances Congress has provided for appointment by the President with the approval of the Senate but has then set up a personnel system based upon merit by which the President makes the initial selection. In addition, some of the bureau-chief positions have been actually appointed on the basis of fitness too. During his second four years as President, Wilson directed that open competitive examinations be given for the appointment of all first-, second-, and third-class postmasters. President Harding retained the examination but had three names instead of the highest submitted to him for consideration. This appeared to open the way for political selection once more. In 1936 President Roosevelt went back to the Wilson system of considering only the top person in an examination. An act approved June 25, 1938, reintroduced the practice of certifying three eligibles for appointment. How this system might be modified by the Eisenhower administration was uncertain in the spring of 1954.

Thus, of approximately 25,000 civilian positions filled by the President with the consent of the Senate, some 22,000 were postmaster positions. These jobs have been a political matter throughout our history. Of the remaining 3,000 civilian positions, over 2,000 were filled by formal merit requirements. Only about 600 jobs appointed by the President with senatorial consent could be regarded as strictly political in terms of the basis of appointment.

In addition to these positions there are also all the administrative positions subject to appointment by the President (mostly in the Executive Office of the President) and by department and agency heads. Obviously this category includes most positions, some 2½ million persons in the Federal service. As of January, 1952, the Civil Service Commission estimated that of some 2.3 million workers, only 140,000 were exempted from civil service requirements.[2] This was about 6 per cent of the total. Included here, however, were a considerable number of employees working for agencies with their own merit provisions set up by law to operate outside civil service proper. For example, the Tennessee Valley Authority, the Atomic Energy Commission, the Federal Bureau of Investigation, and the Department of Health and Surgery in the Veterans Administration had their own personnel systems based upon personal fitness. The number of employees so involved came to nearly 40,000. Approximately 4,000 positions were subject to appointment by the President without Senate approval. This left 96,000 positions exempted by statute (such as legal positions in the government) and by order. Thus the Civil Service Commission has listed some positions as coming under Schedules A and B—positions of a "confidential or policy determining character" and positions deemed impracticable to fill through competitive examination. Such positions are filled at the discretion of the department or agency head.

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[2] *Facts about Government Work and Workers,* U.S. Civil Service Commission, Federal Personnel Council, April, 1952, p. 1. The actual figure shown is 164,000,

In general, these figures indicate that the great bulk of administrative positions in the Federal government had by 1953 been brought under provisions for appointment according to personal fitness for the job. Among the states, 19 had general civil service programs applying to nearly all departments and agencies, while in the others formal programs had been set up for certain groups of employees, primarily those paid in part from Federal grants-in-aid. But in over half of the states many administrative employees were hired without any formal requirements, or machinery, enforcing fitness as a qualification.[3] Of 1,181 cities having over 10,000 population, 780 reported that they had some kind of civil service system in 1951. In only 402 cities did the system cover virtually all employees. In most of the others it applied primarily to selection of police and firemen.[4]

There are two fundamental issues which must be answered in considering the question of the extent to which administrative employees of government should be appointed according to political preference or personal fitness. Political appointment by a chief executive or by a department head is desirable and necessary to the extent required in order to provide political direction to the public service. The first issue, then, is just how much of an agency should be subject to political selection. The second issue is the extent to which political ap-

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but the author has reduced this by the estimated 24,000 subject to appointment by the President with approval of the Senate.

[3] *The Book of the States, 1950–1951* (Chicago: Council of State Governments, 1950), p. 192.

[4] Clarence E. Ridley and Orin F. Nolting, eds., *The Municipal Year Book 1952* (Chicago: International City Managers Association, 1952), p. 131.

pointment shall be utilized by chief executives and department heads as a tool of legislative influence. Neither question has by any means received the careful thought it deserves.

In the past most administrative thinking by those interested in improving the management of government services has concentrated upon covering as many employees as possible under civil service requirements. It was just assumed that there never could be too much civil service. The Pendleton Act of Jan. 16, 1883, left it to the President to decide what positions were to be filled under civil service requirements. By 1940 it has been estimated that two-thirds of all administrative positions came under civil service regulations, and by 1952, as we have mentioned, only a very small number of posts remained outside some form of selection by personal fitness.

Yet at the same time it has been generally agreed that the merit system or career service (for the moment we shall use the two terms synonymously) should fall short of a few positions. In 1935 the Commission of Inquiry on Public Service Personnel recommended: "The career service should extend to all the nonpolitical top positions including many posts not now covered by civil service in most jurisdictions." [5] But the commission did not endeavor to define just what this meant, except to advocate a "definite position of Permanent Under Secretary" to be regarded in each department as a part of the career service. In 1937 the President's Committee on Administrative Management declared: "The merit system should be extended upward, outward, and downward to include all positions in the Executive Branch of the Government except those which are policy-determining in character." [6] The Committee would have left it to the President to determine what were the "highest positions" found to be policy-determining in character.[7] Twelve years later the Hoover Commission asserted: "Top policy-making officials must and should be appointed by the President." [8] But again the Commission did not specify just what positions these should be.

The problem of deciding just what is a top-policy position in management is not a simple matter. Schedules A and B of the Civil Service Rules have exempted practically all the employees in the White House Office itself, plus a few top positions and secretarial posts in the agencies which make up the Executive Office of the President. In other departments and agencies a number of posts of two general types were exempt—posts as policy adviser and posts as personal secretary to a department head.

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[5] Commission of Inquiry on Public Service Personnel, *Better Government Personnel* (New York: McGraw-Hill, 1935), p. 5.

[6] President's Committee on Administrative Management, *Administrative Management in the Government of the United States* (Washington: Government Printing Office, 1937), p. 7.

[7] *Ibid.*

[8] Commission on Organization of the Executive Branch of the Government, *Personnel Management,* a report to the Congress, February, 1949 (Washington: Government Printing Office, 1949), p. 7.

By Executive Order 10440 on Mar. 31, 1953, President Eisenhower created a new Schedule C on which were to be placed various "positions of a confidential or policy determining character" as recommended by department and agency heads themselves. How extensive this new schedule will be remains to be seen. Schedules A and B were now to be confined to positions for which it was not practicable to hold competitive examinations.

In determining how extensive the political positions of administration should be, two different kinds of posts are involved. The first are the various places which make up the top-management staff in the office of a department head. Obviously the department head himself, the undersecretary, and the assistant secretaries will be political appointees, selected by the Chief Executive with the consent of the Senate. The question is whether *all* their associates in the departmental staff should be political selections of the department head. The author's personal belief is that they should not. The Hoover Commission in 1949 recommended that "generally" there should be an administrative assistant secretary in each department "who might be appointed solely for administrative duties of a housekeeping and management nature who would give continuity in top management." The Commission went on to say that these officials should be appointed from the career service.[9]

What this means in effect is this. At the departmental level, in what is known as "the Office of Secretary," there would be three groups of appointees. There would be first those named by the President, with the consent of the Senate: the secretary, the undersecretary, and the assistant secretaries. Second, there would be all the policy advisers and personal assistants, including private secretaries, stenographers, and chauffeurs, to the number permitted by the appropriation for this purpose. These individuals should be appointed by the department head and exempt from any merit or civil service provision. The office of the departmental solicitor or legal adviser would be included here. In the third place, there would be an administrative assistant secretary, with a group of persons handling budget and finance, personnel, management improvement, and internal services. All the members of this staff would be career employees, appointed according to civil service restrictions.

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[9] Commission on Organization of the Executive Branch of the Government, *General Management of the Executive Branch,* a report to the Congress, February, 1949 (Washington: Government Printing Office, 1949), pp. 37–38.

To be sure, an administrative assistant secretary may play an important role in department policy making. Certainly a department head would be well advised to consult him frequently. But suppose the department head found he could not work well with his administrative assistant secretary and preferred another person for the post. It might be desirable to permit a transfer under such circumstances, but it would still seem essential to preserve the post itself as a career position. In no other way is it possible to build continuity into top management and at the same time provide for top positions to which the career employee may aspire.

Other than the top-management positions of a department, the kind of post involved in this issue of adequate political direction for the public service is that of bureau chief. This is the second rung in the management ladder. In the Federal service with its present size, these positions entail very broad responsibility. Should these post be filled on the basis of political preference or personal fitness? It is the author's belief that all such positions ought to be filled on the basis of personal fitness; in other words, they should be appointed by department heads according to merit provisions. Again the only safeguard which seems necessary is to permit a department head when he so desires to transfer a bureau chief to other work in the department, perhaps with the same level of salary as previously received.

In practice most bureau chiefs in the Federal departments have been selected for personal fitness, regardless of whether they were appointed by the President with Senate approval, by the President alone, or by the department head.[10] In the executive departments other than that of Defense, about half of the bureaus in 1953 had chiefs who had been appointed under merit provisions. Because so many of the others were actually selected more or less on the basis of personal fitness, there was little disposition by department heads, the President, or legislators to change the situation. What was left to accomplish on some future occasion was a standard rule or provision affecting the position of bureau chiefs.

There is another reason for arguing that bureau chiefs should be selected on the basis of merit rather than that of political activity. The post of bureau chief is the one to which the professionally educated specialist should be encouraged to aspire. If individuals of high competence are to be recruited for the public service, they must be able to develop careers which may take the best to the highest rung of professional service. This rung in government service must be the bureau-chief position. A post of assistant bureau chief or of division chief is not enough. The position of bureau chief itself must be open. If it is not, those persons will come into public service who are seeking primarily job security and minimum responsibilities rather than a career.

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[10] Cf. Arthur W. Macmahon and John D. Millett, *Federal Administrators* (New York: Columbia University Press, 1939).

A public service whose personnel policy is to appoint all top positions, including bureau-chief positions, according to a test of political allegiance or service may be politically loyal but considerably short on effective performance of complicated tasks. This truth is still to be observed or to be verified for many political leaders and others.

Occasionally legislators and others have suggested that the line of demarcation between policy officials and other officials should be determined upon the basis of compensation. This is entirely unreasonable. If bureau chiefs and administrative assistant secretaries with their staffs are to be appointed on a merit basis, they should receive compensation near the top available in the public service. To identify political positions with salary would be to close off merit appointment from all high salary positions.

Apart from concern that a sufficient number of positions be available in the departmental management to ensure political direction of the public service, an additional factor has been that of executive-legislative relations. As political parties emerged in the United States and as Presidents sought to exercise policy leadership in the government, the spoils system developed as an important pawn. In the American system of government, with its division of power between executive and legislative branches, political leadership has been difficult to institutionalize. Certainly there is no arrangement for political leadership in the American system comparable to that of cabinet government in the British system. Executive leadership in the United States has had to rest upon such devices as were at hand, and one of these has been the appointive power.

In addition, since they shared the appointive power with the President, and thanks to the practice of senatorial courtesy, senators individually have been able, in fact, to select many appointees themselves. Many positions in the public service have been used as a reward for party service in local and state political organizations. In the administrative agencies the chief positions which have been subject to executive-legislative bargaining have been those of the first-, second-, and third-class postmasters (some 22,000), United States attorneys and marshals, collectors of customs, ambassadors and ministers, a few bureau-chiefships, and until 1952 collectors of internal revenue. The total number of such positions has not been numerous except in the Post Office Department. Even there, some 22,000 postmasters is a relatively small number when compared with some 500,000 persons who make up the department as a whole.

Today there is some disagreement among students of government about the importance which patronage actually plays in executive-legislative relationships. There are some who believe that patronage is still important, limited though it may be under present circumstances. There are others who believe, however, that patronage is relatively unimportant. There is little tangible evidence upon which to base any conclusion in this matter. It seems likely, however, that some degree of political patronage will remain in the Federal system as a kind of incidental factor in facilitating executive-legislative relationships.

One other aspect should be noted concerning this subject of political performance versus personal fitness in appointing individuals to public service. Effective administration has become a major political problem of our time. State and local governments are hard pressed to provide desired public service within the available tax resources. The activities of the Federal government, especially in national defense, have become so extensive and so burdensome as to make the most efficient possible performance an urgent public necessity. Under these circumstances, chief executives may be elected as much upon the basis of past or expected performance in emphasizing administrative efficiency as for any other reason. This has meant that even in appointments dictated by reason of common political point of view, chief executives have sought increasingly to select men of demonstrated administrative capacity. This trend is likely to continue rather than to subside in the years ahead. Even appointments for political reasons will increasingly emphasize personal fitness.

Political Neutrality

The development of personnel selection based upon individual fitness has raised its own peculiar concerns. One of these is the matter of political neutrality. In the zeal which the early civil service enthusiasts brought to their cause, the only important matter was a means for blocking the exploitation of public employees for political purposes. The Pendleton Act of the Federal government expressed the sentiment of the day when it specified that civil service rules were to provide "that no person in the public service is for that reason under any obligations to contribute to any political fund, or to render any political service, and that he will not be removed or otherwise prejudiced for refusing to do so." Protection from political assessments, from the necessity to campaign for a particular candidate for elective office, from clubhouse duties, and from political intrigue in obtaining promotion—these were the original goals of political neutrality in the United States public service.

A new and different aspect of the subject appeared in the 1930's with the great growth in the number of Federal government employees. Suddenly it became evident that the Federal bureaucracy might be used to alter the structure and functioning of party organization in the United States. A popular and dynamic President, with the civil service as a base, might try to build a national party machine which could challenge the local base of party structure and directly affect the selection of party candidates in the local primaries. This potentiality was observed in the Congressional elections of 1938 when it appeared that President Roosevelt, through the machinery of the WPA (the Work Projects Administration) was seeking to ensure the local nomination of candidates deemed friendly to his policies. The answer to this challenge was the so-called "first Hatch Act" of Aug. 2, 1939, which prohibited officers and employees in the executive branch from using official authority or influence for the purpose of interfering with or affecting the results of an election.

The Hatch Act specified a series of political activities which were prohibited, such as serving on a political committee, serving as officer of a political club or being active in club affairs, serving to help organize political rallies, soliciting political contributions, soliciting political support for a party faction or candidate, helping to get out the vote on election day, serving as an election officer, publishing a partisan newspaper or writing on behalf of a political party or candidate, distributing campaign literature, initiating or circulating nominating petitions, and assuming any role of political leadership. The Hatch Act did reserve to the Federal administrative employee the right to vote, the right to express political opinions (although apparently not the right to express these opinions in writing for publication if they favor a particular candidate), and the right to contribute voluntarily to party organization. The provisions of the Hatch Act were extended to all state employees partly paid from Federal funds by the second Hatch Act of July 19, 1940. The Civil Service Commission was given the responsibility for enforcing these prohibitions; the penalty for violation was dismissal from the public service. The only administrative officials exempt from these restrictions are Federal department and agency heads, undersecretaries, and assistant secretaries. In other words, the fact that an administrative official, such as a United States district attorney or marshal or a postmaster, is appointed by the President with the approval of the Senate does not relieve him from the requirements of the Hatch Act.

The Hatch Act presented the question whether it had not placed such severe restrictions upon political activity of the public employee as to interfere seriously and unconstitutionally with his rights as a citizen. The Pendleton Act protected the employee from demands by political superiors that he engage in political activity; the Hatch Act prohibited the employee from engaging in political activity on his own volition. The charge was made that this limitation in effect made second-class citizens out of administrative employees. The matter was considered by the United States Supreme Court in two cases, one involving a Federal employee and the other a member of the Oklahoma state highway commission who became chairman of the Democratic state central committee. A divided court held that it was quite within the constitutional authority of Congress to place such restrictions upon the Federal employee, and argued further that if Oklahoma disliked the restriction it could avoid it by simply refusing to accept Federal funds for highway construction.[11]

The basic issue today in this matter of political neutrality, however, is the positive obligation it places upon the public employee chosen for his personal fitness for the job. That positive obligation is to serve faithfully and well the political administration elected by the voters. We have tended to give too little attention to this subject in our concern for checking the spoils system and more recently for limiting the political power of the President. Political neutrality means more than either of these. If persons are to be selected for administrative positions on the basis of individual merit, they assume a concomitant responsibility. They have the responsibility to bear "true faith and allegiance" to the democratic institutions of our nation. One evidence of that responsibility is faithful performance of the tasks set by the political leaders duly elected by the voters to head our Federal, state, and local units of government.

Professor Carpenter has summed up the issue in these terms: [12]

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[11] *United Public Workers v. Mitchell,* 330 U.S. 75 (1947) and *Oklahoma v. United States Civil Service Commission,* 330 U.S. 127 (1947).

[12] William Seal Carpenter, *The Unfinished Business of Civil Service Reform* (Princeton, N.J.: Princeton University Press, 1952), pp. 51–52.

What the modern reformer must undertake is nothing less than the reconciliation of the principle of merit and fitness for appointment and promotion in the civil service with the requirement that the chief executive shall at all times be able to control the amount and quality of the administration for which he is by law responsible. In other words, the chief executive at federal, state, and local levels must be enabled to utilize the personnel under the merit system to the best advantage to accomplish the efficient purposes of government.

It may have seemed smart politics to President John Adams in 1801 to pack the executive branch with "midnight appointees," but it was a grave disservice to American government and future efforts to build a merit system. The act appeared not so much to place the loyal followers of a defeated party in government positions as to sabotage future executive leadership and to undermine administrative loyalty. Thomas Jefferson and subsequent chief executives down to Dwight Eisenhower have been concerned about the kind of administrative support they would receive from employees selected under previous Presidents.

The answer to the problem of political neutrality is not simply to kick the rascals out and to appoint all new administrative employees. Today such action would only guarantee the almost complete collapse of public service. The answer rather is to build a tradition of political neutrality in the American public service which positively obligates the career employee loyally to serve different political masters. This kind of tradition has already been achieved in large measure in the Armed Forces of the United States. Management in the civilian agencies needs to take every possible action to cultivate a similar tradition among the great body of administrative personnel.

National Loyalty

Recent years have introduced still another problem in personnel management, the problem of national loyalty. Although the question has risen at other times in American history, it is only in recent times that we as a nation have had to be concerned especially about the loyalty of public employees to the country they serve. To the shock and disgust of most persons, we have learned in recent years that a few employees holding important administrative positions placed an attachment for the cause of international communism in general and of Russian communism in particular above their duties as American citizens. This experience posed the question: How can government ensure that its administrative employees will loyally and faithfully serve the nation they have undertaken to work for?

The Hatch Act of Aug. 2, 1939, was a first legislative step to meet the problem. It provided that it should be unlawful for any person "employed in any capacity by any agency of the Federal government" to belong to any political party or organization which advocates the overthrow of our constitutional form of government in the United States. Then in 1940 Congress began to add a provision in appropriation laws prohibiting any salary payment to an employee "who advocates, or is a member of an organization that advocates the overthrow of the Government of the United States." This was enforced by the simple practice of requiring an affidavit from each employee that he did not belong to such an organization. In addition, the Civil Service Commission began to make certification of new employees subject to investigation whenever there was any reason to do so. A loyalty board was set up to review any adverse findings. A major difficulty in carrying out this program was inability to recruit a competent investigative staff.[13] In a few instances Congress endeavored to accomplish its purpose by denying funds to pay named individuals, but this was declared an unconstitutional exercise of legislative power.[14]

On Mar. 21, 1947, President Truman by Executive Order 9835 created a loyalty review program in the Federal government. This order required the Civil Service Commission to conduct a loyalty investigation of every person before he entered employment. The head of each department was given responsibility for a program to "assure that disloyal civilian officers or employees are not retained in employment." Each department or agency was required to set up a loyalty board to hear adverse findings against any employee and to advise the department head on disposition of any such case. In turn, the Civil Service Commission was directed to establish a loyalty review board to hear appeals from departmental and agency boards. The order set forth that the standard for removal or refusal of employment "shall be that, on all the evidence, reasonable grounds exist for belief that the person involved is disloyal to the Government of the United States." The activities to be considered in this connection included sabotage or espionage and knowingly associating with spies or saboteurs, treason or sedition or their advocacy, advocacy of revolution or force to overthrow the government of the United States, unauthorized disclosure of documents or information of a confidential nature "under circumstances which may indicate disloyalty to the United

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[13] See Gladys M. Kammerer, *Impact of War on Federal Personnel Administration 1939–1945* (Lexington: University of Kentucky Press, 1951), pp. 119*ff*.

[14] *United States v. Lovett,* 328 U.S. 303 (1945).

States," and membership in or sympathetic association with a foreign or domestic organization designated by the Attorney General as totalitarian, fascist, Communist, or subversive.

This order inaugurated a new endeavor by administrative officers to identify and remove employees against whom there was reasonable grounds for suspecting disloyalty to the United States. It seems quite clear that there were employees who had been guilty of espionage and who had placed the interests of Russia ahead of those of the United States. But in many quarters there was a fear that the "new loyalty," as it was termed by Henry Steele Commager, would be abject conformity. There was a fear that an advocacy of some unpopular position, from a concern for the treatment of racial and religious minorities to a belief in compulsory health insurance, would be regarded as subversive.[15] Nor were these fears groundless. There were instances of arbitrary action by department security officers and of accusations based upon very flimsy evidence, such as attending a lecture by a person commonly known to be a "fellow traveler." [16]

Even so, there were Congressional critics and others who felt that the President's Executive Order of 1947 did not go far enough, or that administrative officials were overly lenient in enforcing it. In 1950 Congress enacted new legislation conferring the power of summary dismissal from employment of any employee "in the interest of national security." [17] This power was conferred only upon specified department and agency heads—the Departments of State, Defense, Commerce, Treasury, and Justice, and the Atomic Energy Commission, National Security Resources Board, and the National Advisory Committee for Aeronautics. Certain procedural safeguards were specified. Suspension without pay was to precede actual termination of employment. To the extent that the interests of national security permitted, an employee was to be notified of the reasons for his suspension, and he was to be given thirty days to present reasons for reinstatement. Any civil service employee of permanent or indefinite appointment was to be given a hearing and a review of his case before dismissal. In addition, on Sept. 23, 1950, Congress passed the Internal Security Act over the President's veto. This legislation required registration of Communist organizations, strengthened the espionage laws, amended the immigration and naturalization laws, and provided for detention in a national emergency of potential spies and saboteurs.

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[15] For a discussion of the broad issues of loyalty see John C. Wahlke, ed., *Loyalty in a Democratic State* (Boston: Heath, 1952), one of the booklets in the series "Problems of American Civilization," readings selected by the Department of American Studies, Amherst College.

[16] Walter Gellhorn, *Security, Loyalty, and Science* (Ithaca, N.Y.: Cornell University Press, 1950); Eleanor Bountecou, *The Federal Loyalty-security Program* (Ithaca, N.Y.: Cornell University Press, 1953).

[17] Public Law 733, 81st Cong., approved Aug. 26, 1950.

On Apr. 23, 1953, President Eisenhower issued Executive Order 10450 fixing new security regulations for Federal administrative agencies. This order abolished the central loyalty review board and provided instead for security hearing boards in each department or agency with members from outside the government service. Each department and agency head became responsible for an effective program "to insure that the employment and retention in employment of any civilian officer or employee within the department or agency is clearly consistent with the interests of the national security." The degree of investigation of new employees was to depend upon the importance of the position. For positions labeled "sensitive" new employment was to depend upon a "full field investigation." Department heads were required to review the cases of all employees for whom a full field investigation had been conducted since 1947 and to "re-adjudicate" those cases not handled in accordance with the new standards. In conducting investigations, the following standards were set forth: any behavior or associations tending to show that an individual was not reliable or trustworthy, any deliberate misrepresentations or omissions of material facts, any criminal or notoriously disgraceful conduct, habitual use of intoxicants to excess, drug addiction, treatment for serious mental or neurological disorder without satisfactory evidence of a cure, commission of any act of sabotage or treason or conspiring to commit such acts, establishing or continuing a sympathetic association with a spy or saboteur or anarchist or person advocating the overthrow of the government by force or unconstitutional means, advocacy of force or violence to overthrow the government or of alteration of the form of government by unconstitutional means, membership in or sympathetic association with a foreign or domestic organization advocating overthrow of the government by force or unconstitutional means, intentional disclosure of security information to any person, and serving the interests of another government. The degree to which any such information was to be regarded as barring employment was to depend on the relation of the employment to national security. The provisions of the Security Act of Aug. 26, 1950, were extended to all agencies.

Loyalty has become a major prerequisite for government employment, and top management in Federal agencies has been given the task of enforcing this requirement. Many states have taken similar action.[18] The basic test for American freedom lies in how the requirement is enforced. Professor Sidney Hook has suggested the standard of behavior consistent with our democratic postulates in these succinct words: "heresy, yes; conspiracy, no." [19] Few indeed would quarrel with the idea that a person belonging to an international conspiracy against the United States is not qualified for public employment. But there is a difference between advocating unpopular causes and engaging in conspiracy. The dividing line may be difficult to draw on occasion. But it is only by drawing that line that we can remain true to the great individualist traditions of America. Management in the public service has had to embark upon a sensitive and demanding task.

Career versus Merit Appointments

In broad terms there are two somewhat different bases of selecting personnel for government employment. One basis is usually described as the "career system," and the other for lack of a better term we shall call the "merit system." [20]

In a career system young men and women are recruited for the public service at the beginning of their active career with the expectation that they will have a long continued tenure in the public service. Entrance in the service is restricted to persons under a certain age, such as thirty years. There is then an orderly advancement of these persons up a recognized promotional ladder so that a few at any rate will reach top positions of authority and responsibility. A compensation and retirement plan is provided based upon the expectation of long and secure tenure. Few, if any, persons are permitted to enter the ranks of the service at the intermediate or higher levels without first having entered at the base. Educational and personal qualifications for initial entrance are based upon general ability rather than specialized knowledge. Most of the specialized educational needs are then met through programs of in-service training and varied job experience.

On the other hand, a merit system recruits individuals for the public service upon the basis of their educational and experience qualifications to fill a specialized type of position. In this system, individuals may be appointed at all levels of rank within an organization. Persons are recruited in terms of their capacity and interest in doing a particular type of work; they may or may not remain exclusively in government employment. Compensation and retirement plans must be adapted to the possibility of short-term employment. There may be promotions for individuals to higher rank based upon demonstrated capacity to handle authority and responsibility with little or no emphasis upon seniority. Or individuals may be brought in from outside government to fill top positions upon the basis of their demonstrated capacity and experience. Individuals recruited in terms of their occupational qualifications are expected to be devoted primarily to the type of work in which they are engaged rather than to a particular government agency or to a government career.

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[18] Cf. Walter Gellhorn, ed., *The States and Subversion* (Ithaca, N.Y.: Cornell University Press, 1952).

[19] Sidney Hook, *Heresy, Yes—Conspiracy, No!* (New York: John Day, 1953).

[20] Paul T. David has referred to this as "career versus program staffing." See his "The Development and Recruitment of Administrative Leadership in National and International Programs," in Robert A. Walker, ed., *America's Manpower Crisis* (Chicago: Public Administration Service, 1952), Chap. 11.

Both systems of recruitment and promotion have been used in the American public service. Indeed, combinations of the two are also possible. In the Federal government there are a few well-known career systems. The best known is the regular officer corps of the Army, Navy, and Air Force. Perhaps the next best known is the Foreign Service. In addition there are the public-health service and one or two others which represent career services as defined above. In each of these services young men and young women enter at a fairly early age. Recruitment to the permanent officer corps of the Armed Forces is confined to young men usually under the age of twenty-two years who have just completed their high school education. They receive their general education in a military or naval academy and then begin their officer career at the lowest rank. There are numerous opportunities subsequently for in-service training and for educational assignments to American universities. Promotion is fairly steady, based upon a combination of both seniority and performance ratings. Only a few can hope for eventual promotion to the general or flag-officer rank, but most can expect eventually to reach the top rank below this level.

In local government, police and fire services are usually recruited on a career basis. The young men entering the service are expected to have a high school education and a high degree of physical fitness. An elaborate in-service training program prepares individuals for the special duties of police and fire operations. Practically everyone begins at the lowest level and gradually works up to higher ranks in the service.

To a considerable degree, however, administrative positions of the public service are filled primarily on the basis of occupational qualifications. Individuals are appointed as stenographers, bookkeepers, electricians, photographers, telephone operators, mechanics, librarians, dietitians, psychologists, statisticians, economists, accountants, personnel officers, budget officers, nurses, engineers, botanists, foresters, zoologists, architects, chemists, physicists, and mathematicians, because of the individuals' competence and experience in the particular type of work to be done in the public service.[21]

There are advantages and disadvantages to both the career and merit basis of personnel selection. In the career service young people are recruited on general ability with a promise that they can have interesting work for their entire active life. Promotion is to some degree assured for all, even though only a few reach the very top. The avenues and conditions of promotion are definite. The chief disadvantage to this career system is the inherent defect of a closed group. The top positions can be filled with persons no better than the basis of initial selection and the in-service training and experience provide. A career service tends to become ingrown and to resist new ideas. Even the incorruptibility of a career service has proved to be less than a fact, as recent municipal police and fire scandals have demonstrated.

In the merit system the individual is responsible for preparing him- or herself for government employment. In-service training is reduced to a minimum. Individuals may be recruited at low or high levels of authority and responsibility. In this way "fresh air" may be introduced into the public service at the very top positions. The individual may have his career in a professional field rather than with a particular government or government agency. The disadvantage to the system is that the individual feels no obligation to remain in public service and the ablest persons may leave to accept more remunerative employment in private business or elsewhere. Moreover, there is no clear and definite line of promotion, so that some individuals may become discouraged and either leave the service or be content to spend their lives in performing fairly routine work at a low level of individual capacity.

For the most part it appears that recruitment based upon the merit system tends to prevail in the United States because it most nearly fits the prevailing patterns of American culture. Although there are a few career services in government, the number does not appear to be increasing. Personnel practices generally in government concentrate upon occupational recruitment. The professional base of American education and of social organization tends to encourage the occupational rather than the career approach in the public service. Legislative and public atitudes simply reinforce the prevailing pattern of accustomed procedures.

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[21] See U.S. Civil Service Commission, *Occupations in the Federal Civil Service* (Washington: Government Printing Office, 1949).

The major defect in the occupational basis of selection has been its failure to provide the talent needed to fill the top executive posts of government. It is no exaggeration to speak of the existence of "an executives' crisis" in the public service. The demand for key executive posts far exceeds the ability of government to recruit necessary talent.[22] There have been a number of reasons why it has been difficult to recruit the needed persons. The factors which discourage acceptance of top positions include inadequacy of compensation, inability to leave private affairs, insecurity, unwillingness to face public abuse, fear of legal reprisal, low esteem of the public service, and discouraging working conditions.[23] But an even more important reason has been the failure of personnel management in the public service to identify and develop administrative talent, the failure to provide what John J. Corson has termed a "pool of career administrators."[24]

The need for top administrative capacity in the public service has been pointed out in many different reports. In 1935 a private agency, the Commission of Inquiry on Public Service Personnel, recommended the creation of an administrative service in government agencies. It called attention to the importance of top administrative responsibilities in the public service and argued that young men and young women of outstanding ability, upon completion of an advanced general education, should be recruited for such work.[25]

Although the report of the President's Committee on Administrative Management in 1937 said nothing specifically about top administrative talent, it did recommend an extension of the merit system to top posts. It assumed that the public service would be able to recruit the proper personnel for these positions. The difficulties of the problem were emphasized, however, in a study prepared for the President's Committee.[26]

In 1941 the President's Committee on Civil Service Improvement reported that it did not favor the adoption of "a specially organized administrative corps for which a special type of selection and training is proposed."[27] The President's Committee did comment that the processes of selection, training, and promotion to higher administrative positions should be made "somewhat more systematized and widespread." It urged that positions involving administrative duties be carefully identified in each department or agency and that each department keep a current inventory of personnel demonstrating administrative skill. It urged departments to establish a systematic program for identifying and training top administrative talent. The advent of war prevented action at that time.

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[22] John J. Corson, *Executives for the Federal Service* (New York: Columbia University Press, 1952).

[23] *Ibid.*, Chap. 4.

[24] *Ibid.*, Chap. 8.

[25] Commission of Inquiry on Public Service Personnel, *op. cit.*

[26] Floyd W. Reeves and Paul T. David, *Personnel Administration in the Federal Service*, a Study for the President's Committee on Administrative Management (Washington: Government Printing Office, 1937), pp. 64–66.

[27] *Report of the President's Committee on Civil Service Improvement*, 77th Cong., 1st sess., H. Doc. 118, February, 1941, p. 57.

After the war the Hoover Commission again acknowledged the existence of the problem. And again it was proposed that more time and resources be spent in developing a program of identification, promotion, and transfer of competent personnel.[28] The task force report made to the Hoover Commission declared that there was almost a complete absence of planned programs for identifying the top positions to be filled by promotion from within the service or for developing talent to fill top positions.[29]

Although there has been some argument still in favor of the development of an administrative corps in the public service,[30] it seems clear that our society is not suitable for the creation of a counterpart to the administrative class of the British service.[31] The problem still remains and must be met in some fashion.

There are two aspects to the problem of top administrative personnel which should be differentiated. We have suggested already that except for an administrative assistant secretary with his immediate staff, all the top positions at the department or agency level should be filled by appointment of the politically responsible head. These are the positions which in the British civil service are largely occupied by members of the administrative class. The political reality of our own society suggests that we would never be willing to tolerate such a group. The tradition of "turning the rascals out" is too strong and the concept of political neutrality too little developed. This means that the recruitment of top department personnel is a political problem for chief executives and for department heads to resolve. Much, then, depends upon the extent to which chief executives and department heads are able to persuade competent persons from business, from universities, and from other walks of life to serve the government for a limited period of time. In some instances career employees of the government may be willing to accept such posts. Mr. Corson reported, for example, that as of 1951, 75 per cent of the top positions in eight Federal departments and agencies had been filled by individuals recruited from within the government.[32] If individuals who have made a career of the public service are to fill top administrative posts, however, they must be given some protection in terms of salary and of future status in the public service. Thus far we have not been able to arrange this.

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[28] Commission on Organization of the Executive Branch of the Government, *Personnel Management*, p. 23.

[29] *Task Force Report on Federal Personnel*, Appendix A, prepared for the Commission on Organization of the Executive Branch of the Government (Washington: Government Printing Office, 1949), pp. 33–36.

[30] Albert Lepawsky, "The University and the Public Service," *Journal of Legal Education*, vol. 2 (Spring, 1950), p. 253. On this whole subject see especially the following volumes: Leonard D. White, *Government Career Service* (Chicago: University of Chicago Press, 1935); Lewis Meriam, *Public Service and Special Training* (Chicago: University of Chicago Press, 1936); George A. Graham, *Education for Public Administration* (Chicago: Public Administration Service, 1941); and Joseph E. McLean, ed., *The Public Service and University Education* (Princeton, N.J.: Princeton University Press, 1949).

[31] See H. Struve Hensel, "Ways and Means for Recruiting Capable Federal Executives," *Public Administration Review*, vol. 12 (Spring, 1953), p. 123. See also Lewis Meriam, *Public Personnel Problems* (Washington: Brookings, 1938), pp. 314–329.

Another aspect of the crisis in top administrative talent has arisen, however, from the expansion of government work to meet special needs. In the last fifty years there was a great expansion of government service during the period of World War I, during the depression period from 1931 to 1939, during the period of World War II, and again in the period following the Korean invasion of 1950. When government work operations expand because of emergency needs, administrative talent must be recruited wherever it can be obtained. Only when many nongovernmental agencies are ready and willing to permit able employees to serve their country for a period of time without interruption of their business and professional career will our society be able to meet this particular situation.

There still remains the continuing necessity within each department for top management to establish an executive development program. Such a program would seek to identify special talent for administrative work among those recruited for government service on an occupational basis. Such talent would be developed through in-service training programs, varied work assignments, and continuing experience with increased authority. Only in this way can any systematic encouragement of administrative talent be realized in the public service. The United States Civil Service Commission in 1952 began to promote a career development program.[33] Only continued emphasis by department management, however, can begin to solve the problem.

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[32] Corson, *op. cit.*, p. 26.

[33] Harold H. Leich, "The Hoover Commission's Personnel Recommendations: A Progress Report," *American Political Science Review*, vol. 47 (March, 1953), p. 117.

Government as Model Employer

In so far as working conditions in the public service are concerned, the prevailing concept in this country has been that government should be a model employer. This attitude was expressed by President Andrew Jackson when he established a ten-hour work day for all workers in Navy yards; this limit was extended to all mechanics and laborers in Federal government employment by President Van Buren. Today it is generally expected that in matters of hours, compensation, security of tenure, pensions, safety and health care, and other services government will set standards or will equal the prevailing standards of private employment.

In so far as compensation is concerned, government experience generally has been that pay rates at the entering or at the lower levels of work tend to be as good or somewhat better than those obtainable outside government. At the top levels of administrative authority, government compensation lags far behind the executive pay found in large corporations or obtainable from private professional practice. Generally, there are two types of compensation arrangement in the public service. The first is a statutory pay scale fixed by general or special legislation and applicable to clerical, professional, and administrative employees. In the Federal government, for example, the compensation of about 1 million of the 2½ million civilian employees is governed by the Classification Act of 1949 (Public Law 429 of the Eighty-first Congress). The minimum and maximum pay rates for each step are shown in the accompanying table. In addition, separate statutes fix the pay rates for the Foreign Service, for postal employees, and certain others. In the second place, for many workers in military arsenals, depots, proving grounds, posts, and bases, as well as certain other employees, local wage boards are authorized to fix compensation at the "prevailing rate" in the locality for skilled, semiskilled, and unskilled labor. Similar practices prevail in state and local governments.

Although the top administrative pay, other than that of department and agency heads, is fixed at $14,800 in the Federal government, the number of employees who may be assigned to the General Service grades 16, 17, and 18 is specified by law. In 1953 just under 1,000 positions had been authorized for these three grades throughout the Federal service.[34] As of 1949 Mr. John J. Corson studied executive compensation in 865 corporations. He found that the third highest-

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[34] *Ibid.*

SALARY GRADES IN THE FEDERAL GOVERNMENT, 1953

Grade Number	*Range in Compensation*
General Schedule	
GS–1	$ 2,500–$2,890
GS–2	2,750– 3,230
GS–3	2,950– 3,430
GS–4	3,175– 3,655
GS–5	3,410– 4,160
GS–6	3,795– 4,545
GS–7	4,205– 4,955
GS–8	4,620– 5,370
GS–9	5,060– 5,810
GS–10	5,500– 6,250
GS–11	5,940– 6,940
GS–12	7,040– 8,040
GS–13	8,360– 9,360
GS–14	9,600–10,600
GS–15	10,800–11,800
GS–16	12,000–12,800
GS–17	13,000–13,800
GS–18	$14,800
Crafts, Protective, and Custodial Schedule	
CPC–1	$1,810–$2,170
CPC–2	2,420– 2,840
CPC–3	2,552– 3,032
CPC–4	2,750– 3,230
CPC–5	2,974– 3,454
CPC–6	3,200– 3,680
CPC–7	3,435– 4,035
CPC–8	3,740– 4,490
CPC–9	4,150– 4,900
CPC–10	4,565– 5,315

paid executive in 91 per cent of the corporations received over $14,000 a year, and in 60 per cent of the corporations the salary was over $28,000 a year.[35] And these were annual salaries exclusive of any bonuses or profit-sharing arrangements. Obviously, the top administrative salary compensation of the Federal government does not compete with that of the large businesses of the country. Although some state and local governments have done much better in paying certain of their top personnel, such as superintendents of schools and chief engineers, they likewise do not endeavor to meet these high levels of remuneration.

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[35] Corson, *op. cit.,* p. 70.

In spite of the extent and importance of government work in our nation today, the attitude prevails that high administrative salaries would simply attract political "ne'er-do-wells" rather than top talent. Moreover, since only a very few persons in society receive such high compensation anyway, legislatures tend to fix salary schedules which express a general rather than an extraordinary level of pay. The result is that top talent can never expect as much compensation in government as in private employment in our country. The attractions and rewards of the public service for the positions of highest authority and responsibility must be other than money.

In other respects, such as hours of work, pensions, sick leaves, vacation rights, and health benefits, government has in the past tended to set higher standards than those prevailing generally in private business and industrial employment. But this difference is diminishing. The high degree of unionization in some large industries has resulted in many so-called "fringe benefits" being written into collective bargaining contracts. Also, because of labor shortages industry has voluntarily extended health and group insurance privileges and other services to many employees. In consequence, private employment today may be far more satisfactory than government service for masses of workers. In these circumstances it becomes increasingly difficult to staff government work. The high turnover rates in government, reported to be anywhere from 20 to 30 per cent a year in the Federal government, testify to the inability to retain employees in the public service.

An important management problem in recent years has been how far an agency should go in developing welfare services. Some offices have promoted recreational facilities or programs, credit unions, a housing service to help locate quarters for employees, a nurse service, improved transportation arrangements, and employee counseling. When government employment is removed from ordinary centers of urban living, such as at a military post or base, a dam site, or an atomic energy plant, management may have to assume duties amounting in effect to local community operation.

Indeed, the fact is that while the concept of government as model employer may still be a prevailing idea, it has become decreasingly evident in fact. The personnel study for the Hoover Commission reported the results of a questionnaire given to 3,448 college seniors to determine their beliefs about the ranking of public service in comparison with private industry. Less than 10 per cent thought that salary opportunities would be better in government. Government service ranked low in their opinion in opportunities for promotion, opportunities for personal development, prestige and recognition, and incentives to improve efficiency. Government employment was ranked high on opportunities for public service, job security, and leave, retirement and health benefits (and in this last many thought government and industry about equal).[36]

A study of the attitude of scientists toward government employment in contrast with university and industrial employment revealed that government was rated high on job security, leave policies, good physical facilities, and fair compensation (better than most universities but lower than that obtainable in industry). Government service was ranked low on such matters as generally satisfactory administrative environment, on opportunities for advancement, and on freedom of action.[37]

If government service in a society of full employment and of rising price levels is to attract and retain competent employees, increasing attention will have to be given to matters of compensation and working conditions.

Employee Relations

The public service is not immune from problems of employee relationships. A great many difficulties from time to time have developed around such subjects as unionization and collective bargaining, the right to strike, and the handling of employee grievances. All these have required special attention in most government units at one time or another.

In some respects government service is different from private business. These differences have naturally been reflected in management-employee relations. For example, many matters of compensation and working conditions in the public service cannot be settled by a process of collective bargaining. The discretion of management is limited, since basic provisions on these subjects are usually provided by law. On occasion labor groups have endeavored to build collective bargaining devices and even have asserted the right to strike as an instrument of persuasion with the legislature rather than as an attempt to win concessions from management.

The government service likewise is different in its importance to the public welfare. There is only one government agency to supply a necessary public service, such as school teaching, police and fire protection, or garbage collection. A strike in any of these activities means complete cessation of the public service to all citizens in a governmental jurisdiction. On the other hand, strikes against an individual employer may interrupt only part of a service to the public. With the advent of industry-wide collective bargaining, this difference is now tending to disappear, and a major concern in management-labor relations in industry today is how to prevent complete cessation of services essential to the functioning of the economy.

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[36] *Task Force Report on Federal Personnel,* p. 7.

[37] Clark D. Ahlberg and John C. Honey, "The Scientist's Attitude toward Government Employment," *Science,* vol. 113 (May 4, 1951), p. 508.

Unionization began over seventy-five years ago in the public service. For example, an association of letter carriers was formed as early as 1873, and by the end of World War I postal employees of the Federal government were perhaps the most highly organized group of workers in the entire public service.[38]

During World War I clerical, administrative, and professional employees began to organize in the Federal service. The National Federation of Federal Employees was organized in 1917 and become affiliated with the American Federation of Labor. It was a "vertical" union of all types of government employees and came into existence largely because of poor working conditions and low levels of pay in the Federal service. There were some 50,000 members of this union by July, 1919; the number declined during the 1920's but grew again during the 1930's. In 1931 the National Federation broke away from the American Federation of Labor and has subsequently operated as an independent union. In 1932 the American Federation of Labor chartered the American Federation of Government Employees. In 1936 a separate organization, the American Federation of State, County, and Municipal Employees split off from the parent body and has continued to operate at the state and local government level. In 1937 a CIO union, subsequently named the United Public Workers of America, was formed.[39] In most communities a local protective and benevolent society has been organized among police and firemen.[40] Efforts to build a national organization among these workers have not been too successful. Both unions and professional societies have been organized among public-school teachers.

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[38] Sterling D. Spero, *The Labor Movement in a Government Industry* (New York: Doubleday, 1924).

[39] See Eldon L. Johnson, "General Unions in the Federal Service," *Journal of Politics*, vol. 2 (February, 1940), p. 23.

[40] For experience in one locality see Emma Schweppe, *The Firemen's and Policemen's Unions in the City of New York* (New York: King's Crown Press, 1948).

Although the full extent of unionization among public employees is difficult to determine, the right of organization has now been generally recognized. Many government agencies have found it desirable to issue statements of employee-relations policy which recognize the privilege of employees to organize or not to organize as they shall see fit. Management has agreed also to discuss problems of common interest with individual employees or with representatives of organized groups. In many government agencies, however, this policy of discussion is not labeled "collective bargaining" because of the connotation which this term has developed from private enterprise.[41]

The right to strike has been an especially troublesome matter in the public service. Beginning in 1946 Congress added a clause to the various appropriation acts for Federal agencies providing that no compensation was to be paid employees who were members of a union or any other organization which advocated or asserted the right to strike. Actually most unions of Federal employees had already announced that they did not believe in the strike as a tactic of collective bargaining in the public service. With the passage of the 1946 appropriation acts, all unions of public employees took this position, and all individual employees were required to assert in an affidavit that they did not belong to a proscribed organization. Many states subsequently enacted legislation forbidding public employees to strike. Before 1946 strikes were not unknown in the public service; indeed one student counted 1,000 such episodes.[42] Even with the passage of state legislation, occasional strikes continued to break out. Because of the tight labor market, most government units found it expedient to overlook the penalities of such acts—loss of employee status and benefit privileges—and to reinstate the strikers upon adjustment of their grievances. In municipal government the most crucial problems of collective bargaining have tended to appear in the operation of publicly owned utility services, such as water supply, transportation, and electric power supply.

As we have noted earlier, many demands of government workers must be met by legislative action. As a result, unions of government employees tend to act in considerable degree as an interest or pressure group bringing their requests to legislative committees, asking pledges from candidates for public office at election time, and encouraging their members to vote for officials with a record of general sympathy to public employees. Such pressure groups actually have often been successful in achieving improved working conditions—such as the three-platoon system for firemen—and in raising the levels of compensation for the great majority of government workers.

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[41] On labor policy in general see Sterling D. Spero, *Government as Employer* (New York: Remsen Press, 1948); and Morton Robert Godine, *The Labor Problem in the Public Service* (Cambridge, Mass.: Harvard University Press, 1951).

[42] David Ziskind, *One Thousand Strikes of Government Employees* (New York: Columbia University Press, 1940).

In recent years most administrative agencies have established formal grievance machinery to consider complaints of individual employees. These complaints have generally centered around two matters—efficiency ratings and dismissals. Standard grievance procedure usually requires the complaining employee to present his complaint to his immediate supervisor. If he fails to obtain satisfaction, he may then submit a written appeal to the supervisor's superior and even after that to a grievance board set up for the agency as a whole. In some instances a grievance may even be carried to the Civil Service Commission. There has been some feeling that grievance procedure has tended to become unduly complicated and elaborate. In some agencies there may be as many as four or five steps of consideration and review. As a result, many departments and agencies have found it desirable to simplify grievance practice.

Employee relations has become a recognized element of personnel management in most government agencies today. Increased efforts have been given to building harmonious relationships between supervisors and employees. Aloofness and indifference no longer characterize relations between management and workers in the public service. Rather, more and more effort is being expended to achieve a better understanding of the common problems of management and employees in the public service.

Veterans' Preference

One other matter of personnel policy must be mentioned. Most governmental units give some kind of preference in job appointment and retention to veterans who have served in the Armed Forces of the United States. This practice developed early in the history of the republic and has become a standard arrangement in recent years.

In the Federal service, for example, veterans' preference is governed by the provisions of Public Law 359 of the Seventy-eighth Congress, approved June 27, 1944. Under this legislation preference in appointment, reinstatement, reemployment, and retention in the public service is to be given to four categories of persons: (1) veterans (men and women, honorably separated) with a service-connected disability, (2) wives of veterans with a service-connected disability, (3) unmarried widows of deceased soldiers and veterans, and (4) veterans generally. In examinations all persons in the first three categories have ten points added to the score. Veterans of the fourth category receive five points additional to their score. Examinations for such positions as guards, elevator operators, messengers, and custodial positions are restricted to veterans as long as any are available for appointment. Except for professional and scientific positions paying over $3,000 a year, persons in the first three categories receive an absolute preference, going to the top of a register. When a nonveteran is appointed over a veteran on a civil service register, the appointing officer must explain the reasons in writing to the Civil Service Commission. No veteran may be discharged or suspended except for cause as will promote the efficiency of the public service. When suspended or discharged, a veteran must receive the reasons in writing, and he has the right of appeal to the Civil Service Commission which must then submit findings and recommendations to the appointing officer.

The desirability of veterans' preference in the public service has been much debated by personnel specialists and others. The Hoover Commission in 1949 recommended no change in the existing practice except to propose a more active effort to recruit veterans for administrative positions. There seems to be little point in arguing for or against veterans' preference, since the practice appears to be firmly entrenched in both legislative and public expectation. The number of persons who have served in the Armed Forces is such today that the range of selection would be great indeed if substantial numbers of veterans could be interested in public service. The Federal system appears to be as workable as any, since it does not give more than reasonable preference to persons of about equal qualifications. Where there is substantial difference in abilities, the appointment could still be given to the nonveteran.

The whole system of veterans' preference may become obsolete if our country adopts some form of universal military training and service. It appears that we have already advanced far in that direction, and if we have at least a minimum requirement of universal training for all young men, it would seem likely that these persons should be recognized as veterans for appointment purposes. In a society where 75 or 80 per cent of all young men have had military training or service, veterans' preference will be of little importance as an obstacle to the recruitment of the best available personnel for the public service.

CHAPTER 13 *Techniques of Personnel Management*

Two major developments have occurred in public personnel administration in the last twenty-five years. One of these has been the growing realization that personnel management requires positive efforts to recruit and retain the best available persons in the public service. For many years personnel administration under civil service restrictions was motivated largely by a police concept: to prevent departmental administrators from appointing or discharging employees for purely political reasons. Today this attitude has in large part disappeared and is being replaced by another that is termed the "modern" personnel point of view.

The other major change has occurred primarily in the Federal public service. The authority of personnel management has been increasingly fixed in departmental officials operating under general standards and regulations supervised by a Civil Service Commission advising the President. For many years the Civil Service Commission conducted all examinations for positions in the Federal government subject to civil service appointment; established registers of eligible persons; certified the top three to appointing officials for their consideration; determined the proper job and salary classification for appointees in terms of their qualification, experience, and work assignment; reviewed promotions; and otherwise performed many details of personnel management. Department officials developed considerable hostility to the entire civil service system because it controlled personnel details but was separated from responsibility for operating results.

In 1937 the President's Committee on Administrative Management recommended "reorganization and improvement of personnel administration" in the Federal government. The Committee pointed out that the Civil Service Commission had developed its practices at a time when the number of government employees was small and personnel requirements were relatively simple. The Committee declared, however, that the existing system was "poorly adapted to meet the major responsibilities of serving as a central personnel agency for a vast and complicated governmental administration in which there are over 800,000 civilian employees." [1] The Committee recommended the creation of a single civil service administrator with a nonsalaried board to advise him about general developments. In addition, the Committee implied that much more responsibility in personnel management should be given to department heads.

Although the organizational arrangements proposed by the President's Committee were not written into law, steps were begun to strengthen personnel organization in departments and agencies. On June 24, 1938, President Roosevelt, in Executive Order 7916, directed each department and agency to create a personnel officer if such a position did not already exist, and indicated that more responsibility was to be given to departmental officers. This was followed by the creation of the Council of Personnel Administration on Feb. 1, 1939, made up of personnel directors of all departments and agencies under a chairman designated by the President. This Council was expected to be spokesman for the personnel interests of the departments as against the Civil Service Commission itself. In addition the President established a separate personnel office in the Executive Office of the President to serve in effect as an arbiter between departmental personnel interests, on the one hand, and the work of the Civil Service Commission on the other. Yet it was the impact of the war perhaps more than any other single factor which led to widespread changes in personnel practice in the Federal government. A government service expanding from about 1 million civilian employees in 1940 to nearly 3.7 million in 1945 could scarcely operate under an arrangement of "civil service as usual." Although the Civil Service Commission continued to perform a central recruitment function and to review departmental appointments, more and more the whole task of personnel selection and operation fell upon the departments and agencies themselves.[2]

At the end of the war, President Truman, in Executive Order 9691 on Feb. 4, 1946, directed the Civil Service Commission to return to a peacetime program and to give qualifying examinations "in cooperation with the operating agencies." In Executive Order 9830 on Feb. 24, 1947, the President set forth that personnel management was a primary responsibility "of all who plan, direct, or supervise the work of Federal employees." The Civil Service Commission was directed to exercise leadership in personnel matters, to develop and promulgate standards, and to prescribe procedures to be followed by operating agencies. The Commission was told, however, to delegate its authority to act in personnel matters to operating agencies in accordance with prescribed standards and procedures. The head of each department and agency was made responsible for personnel management in his agency. He was directed accordingly to maintain or establish such office or division of personnel as might be required. The Council of Personnel Administration was renamed the Federal Personnel Council and was directed to function as an advisory body to the Civil Service Commission.

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[1] President's Committee on Administrative Management, *Administrative Management in the Government of the United States* (Washington: Government Printing Office, 1937), p. 9.

[2] Leonard D. White, ed., *Civil Service in Wartime* (Chicago: University of Chicago Press, 1945); and Gladys M. Kammerer, *Impact of War on Federal Personnel Administration, 1939–1945* (Lexington: University of Kentucky Press, 1951).

The Personnel Policy Committee of the Hoover Commission, reviewing these developments in 1948, believed that still further progress should be made in decentralizing personnel operations. It recommended that the recruiting, examining, and selection of personnel should be performed to an even greater extent by operating agencies. It recommended that the chairman of the Civil Service Commission become the top personnel administrator in the government organization.[3] A strengthening of personnel operations in departments and agencies was also urged. These recommendations were generally accepted by the Hoover Commission and embodied in its own report to Congress.[4]

Reorganization of the Civil Service Commission was accomplished by Reorganization Plan 5 of 1949 by which the chairman was given full responsibility for administrative direction of the Commission's work. In 1953 President Eisenhower made the chairman of the Commission his principal adviser on all personnel matters and abolished the office which had previously served as arbiter between the Commission and the departments. It became increasingly evident that the departments would be expected to carry a larger and larger part of the everyday burden of personnel management.

The principal source of controversy between departmental management and the Civil Service Commission has been responsibility for recruitment and examination of personnel. Both in the 1930's and in the 1940's the Commission itself was opposed to delegation of this work to operating agencies. Although no basic change in personnel law had been realized by 1953, there were some 1,825 boards of examiners operating under departmental authority by that time, and the Commission had indicated that these boards enjoyed greater responsibility for examinations than during World War II.[5] Although the Commission retained general responsibility for preservation of the merit system, departments and agencies were given much greater work to do in the actual process of recruiting and examining employees.

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[3] *Task Force Report on Federal Personnel*, pp. 20–21, 78–86.

[4] Commission on Organization of the Executive Branch of the Government, *Personnel Management*, a report to the Congress, February, 1949 (Washington: Government Printing Office, 1949), pp. 9–10. See also Milton Mandell, "The Current Status of Personnel Administration," *Public Administration Review*, vol. 12 (Winter, 1951), p. 57.

The result of these developments has been to make personnel management at the operating level of government far more important than ever before in the scheme of Federal administrative organization. Similar developments have not occurred in state and local governments, primarily because the size of the problem has not been nearly so vexatious. Yet the emerging Federal arrangements constitute a kind of pattern which will probably be increasingly adapted to local circumstances.

Classification

A basic technique in personnel management is job or position classification as a plan of personnel needs. Before any work can be started, there must be an estimate of the personnel required to do the job. And this estimate is not just a matter of projecting a need for fifty, seventy-five, or one hundred persons to do a given kind of work. It must indicate the specific duties to be performed, the qualifications desired, and the interrelationships to be maintained. Personnel planning is thus closely allied to organizational planning; the two usually proceed hand in hand.

A personnel plan must necessarily provide some generalized bases of differentiation among all types of employees. In any large endeavor, employees cannot be dealt with as a whole, or as individuals. There must be some classification into like groups which permits uniform treatment of common aspects, from recruitment and promotion to consideration of working conditions. The purpose of position classification has been summarized by an outstanding classification expert in these terms:[6]

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[5] Harold H. Leich, "The Hoover Commission's Personnel Recommendations: A Progress Report," *The American Political Science Review*, March, 1953, pp. 107–108.

[6] Ismar Baruch, "Basic Aspects of Position Classification," *Public Personnel Review*, vol. 2 (October, 1940), p. 1.

> . . . (*a*) so that the impossibility of understanding an undifferentiated mass of individual positions gives way to the feasibility of understanding a much smaller number of differentiated classes of positions; (*b*) so that positions which should be treated alike when personnel policies, problems, or actions are under consideration can easily be identified as members of a group, thus making it possible to deal with positions in like groups rather than as an undifferentiated mass; and (*c*) so that, by emphasis on an impartial, scientific approach a purely personalized treatment of work and pay problems can be avoided in favor of safeguards against favoritism and procedures for fair and equitable treatment.

Position classification is also indispensable in achieving a standardized pay schedule. One of the objectives of compensation is often summarized in the words "equal pay for equal work." This is a desirable end in order to avoid the loss of morale and the consequent decline in effort which result from widespread inequalities in compensation. When any large number of persons believe that they are underpaid in comparison with others performing the same or similar work, an undesirable and unproductive work atmosphere is likely to arise.

Personnel planning is an immediate and overwhelming concern whenever a new agency gets under way. In a going organization personnel planning is periodic rather than continuous, practiced from time to time as adjustments become necessary. Under both conditions, however, the constant problem is to relate work objectives to positions and persons. The techniques of position classification must contribute to, rather than hamper, the solution of that problem.

When there is no standardized position classification program in a government, or in an agency, personnel technicians are usually needed to install one. A well-recognized procedure has been devised for such a need. The first step is to record all existing positions in an agency or government unit. This involves obtaining a job description for every employee, his qualifications, and the supervision exercised and received. This mass of data may be accumulated through questionnaires or by personal interviews. Questionnaires ensure thorough coverage, but are difficult to analyze and are not too reliable. Interviews take a long time to perform, but usually a sampling is sufficient for classification purposes.

The second step is to analyze the duties presently performed and to group them into related classes. The task here is to find all similar or comparable positions and to identify their common characteristics. The third step is to prepare a general description of each class of positions. This description then serves to identify the group and to distinguish it from all other groups. Finally, the assignment of each type of position to a class must be reviewed to make sure that it rightly belongs to that class.[7]

In classification procedure, a "position" means the duties and responsibilities requiring either the full-time or part-time employment of one person. A "class" is a group of positions with sufficiently common duties to be identified as a single type of work, with the same requirements in education, experience, and ability, subject to the same tests of ability or capacity, receiving the same schedule of compensation, and performed under the same employment conditions. Thus a position is a particular job in a particular office, such as supervisor of a typing pool in a unit of the State Department, while the designation "clerk-stenographer" refers to a class of workers in many different administrative units.

Once a classification plan has been put into effect, it must be modified from time to time in order to meet different conditions. Some personnel technicians emphasize a one-time classification survey and resulting plan. But position classification is a continuing job, in at least two different respects. For one thing, position needs are not static and no plan as of any one time can apply to all subsequent demands upon the public service. Many changes in types of classes, especially the addition of new classes, are constantly taking place. In the second place, a classification plan is not self-executing. It must be continually applied to new and existing jobs. Once a class of positions is identified and labeled, changes begin to occur. Constant supervision of classification activities is necessary. Whether this should be exercised by departments or by a central agency has been a disputed point in personnel procedure.

The Federal government passed a so-called "Classification Act" in 1923 which set up five broad groups of employees: clerical, administrative, and fiscal; professional; subprofessional; custodial; and clerical-mechanical. These five groups were divided into a total of 45 different grades. This meant that when a position in the Federal service was classified it had to be allotted to one of these five groups and to one of 45 different pay scales. In time, it came to be realized that the Classification Act was in reality simply a salary standardization act. With the Hoover Commission recommending that the 1923 law, as amended, be rewritten, and with the Civil Service Commission proposing a new plan, Congress in 1949 enacted a new Classification

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[7] For a more detailed account of classification procedure, see William E. Mosher and J. Donald Kingsley, *Public Personnel Administration,* rev. ed. (New York: Harper, 1941), Chap. XIX.

Act which set up a single General Schedule with 15 different pay scales. In addition, a separate pay schedule was retained for employees falling in the group labeled "crafts, protective, and custodial." This new legislation simplified the compensation schedule for Federal employees coming within its terms. It did not affect the primary problem of employee classification.

This primary problem is how many different classes of employees shall be established in the public service. A survey in New York City in 1951 found that there were 2,571 categories of municipal employees. But the survey was able to reduce this chaos of employee classes only to 1,065, although 27 standardized pay scales were proposed for this number of classes.[8] The total number of classes set up in the Federal government is probably unknown. The difficulty is that every department or agency is always convinced of the unique nature of the work it does and hence creates classes of job positions peculiar to it. There are good reasons for this. It is not enough for most agencies to have a class of officials labeled "engineer," or even "mechanical, electrical, chemical, civil, or sanitary engineer." Instead they want a hydrological engineer, or a hydroelectric power engineer, or some other special type. These differentiations tend to become solidified into recognized classes of employees.

One consequence of this situation is that the promotion or transfer of employees across bureau and especially across departmental lines is difficult to arrange. Many agencies are happy to have this situation, since it may lessen turnover. Another result is that rates of compensation tend to become quite different for relatively comparable kinds of work. Again individual agencies do not particularly dislike this situation, since an agency usually endeavors to get as much compensation for its employees as possible in order to increase their job satisfaction.

As a matter of fact, our society has developed such a high degree of job specialization, as any dictionary of occupational titles will clearly reveal, that it is exceedingly difficult to develop a few, simple common classes of positions. The most that seems possible is for the management of each department or agency in the public service to develop an awareness of the reasons why some greater simplicity in classification may be desirable from its own internal point of view—in order to facilitate promotion and transfer programs, to ensure fairly standard rates of compensation, and to encourage broad experience in various types of works for those employees who may carry management duties.

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[8] *Modern Management for the City of New York,* Report of the Mayor's Committee on Management Survey, vol. II (1953), Chap. VI, especially pp. 125–127.

At its best, classification is likely to be a game in verbalization. The class and especially the salary grade to be assigned to a particular job specification depend upon how the job is described. If an administrative official wants to pay someone a certain predetermined rate of compensation, he has to justify the desired grade in the job description. In the Federal government certain standard phrases have come to play an important part in such justification. Much depends upon whether supervision is to be "close" or "general," whether the individual's responsibility is to be "limited" or "full," and whether the work to be performed is of "moderate difficulty and importance" or of "major importance and complexity." The right choice of words can make a great deal of difference in the grade assigned to a particular job.

Personnel technicians are aware of this fact, and often prefer to make a careful on-the-spot check of an individual's actual work before assigning a grade classification. But this procedure is time-consuming, and requires more personnel technicians than are usually available to a department personnel office or to a civil service commission. In desperation, personnel technicians are apt to fall back upon so-called "objective" criteria for deciding a person's importance and hence appropriate salary grade. The criteria most commonly employed are length of service, educational and experience qualifications, and the number of persons supervised. All these are unsatisfactory, but the third criteria can be both vicious and self-defeating. When any government employee realizes that his job classification for salary purposes depends upon the number of employees working under him, he has a real and pressing cause for enlarging his office as much as possible. More than this, classification practice may discourage and even penalize the supervisor who makes a determined effort to improve the efficiency of his office by doing the same or more work with fewer people. Obviously not the number of people supervised but the quantity and quality of the work performed is of major importance in evaluating a job. Yet quantity and quality are not so easily measured. And personnel technicians are frequently at a loss in trying to determine either. The Federal Classification Act of 1949 took a step in the right direction when it authorized cash awards and salary increases for supervisors who reduced their payrolls. Whether the incentives thus provided were sufficient remains to be seen.

Another questionable practice in job classification is the attempt to separate the job from the person performing it. The traditional attitude of the personnel technician is well stated in the words: "The position, which may be either occupied or vacant, must be clearly differentiated from the incumbent of the position."[9] But any such approach to job classification ignores, or at least belittles, the realities of work performance. Organization, as we have said before, is built upon persons. It is impossible to divide up any sizable amount of work in the abstract. Work requires people, and people vary greatly in individual capacities. No personnel planning undertaken at the beginning of a job can be more than tentative. Many persons make their own jobs. As a result initial plans are greatly modified as persons are recruited and assigned to work. Personnel technicians not only need to recognize this very elementary truth, but also must assist rather than hinder such adjustments. No techniques can eliminate the *personal* aspects of personnel management.

It should be apparent from this discussion that job classification at best is a complicated matter. In the past it has been approached too frequently as a mechanical, or "scientific" procedure. Actually, while job classification lies at the heart of personnel techniques, it is also highly personal. The need for standardized practices must be constantly modified to fit individual requirements of operating agencies. Personnel technicians working for departments or for civil service commissions must appreciate that any general classification scheme, especially as far as salaries are concerned, can be only a general guide. Operating officials need leeway in applying the general salary schedules to their own work.

Personnel management requires job and salary classification. But both must be employed to help, not hamper administrators in doing the work for which they are responsible.

Recruitment, Examination, and Appointment

The acquisition of personnel for government activities involves three different phases: recruitment, examination, and appointment. All three are closely related and have a common purpose—to find the best available individuals for government service.

Recruitment is fundamentally different from examination. The latter is a process of rating the relative capacities of applicants for appointment. It can do no more than provide some means of comparing the individuals who seek government work; examination cannot improve the quality of the applicants.

Many civil service administrators and even some operating officials are so badgered by those seeking government employment that they see little reason to encourage additional applicants. Under so-called

[9] Baruch, *op. cit.*, p. 413.

"normal" conditions, the number of government job seekers far exceeds the positions to be filled. It is understandable why personnel managers give little attention to means for finding the best available talent. They are mainly worried about how to determine the best qualified from among those actively seeking appointment.

During World War II this negative approach to the recruitment phase of personnel administration had to be abandoned. Jobs were plentiful, and it was easier for private businesses to offer the competitive wages necessary to obtain the workers they needed. Government agencies often obtained the second best. And sometimes government services were badly undermanned. It became necessary for the Civil Service Commission and operating agencies working together actively to recruit needed workers. Teams were sent out from Washington to find stenographic and clerical personnel to work in the nation's capital. Local government offices and plants made strenuous efforts to persuade persons to accept employment. Recruitment became a positive phase of personnel administration. This effort has continued since 1945 in those fields where shortages have been especially acute. In 1952, for example, the Civil Service Commission published an attractive booklet entitled *The Physicist in the Federal Service.* This pamphlet explained the nature of the work performed by physicists in general and in terms of specific agencies such as the Naval Research Laboratory, the National Bureau of Standards, and the Bureau of Agricultural and Industrial Chemistry. Similarly, the Department of Agriculture issued that same year a booklet entitled *Career Service Opportunities in the U.S. Department of Agriculture.* This called attention to the varieties of work available in the department and the conditions of work which made employment attractive there. These and other efforts indicate how a positive effort was being made to interest persons in the possibilities of government service.

Usually civil service commissions and others are satisfied simply to post examination notices for various types of positions. Newspaper advertisements are seldom used; the money for such an expenditure is not often appropriated. Sometimes notices are mailed to university placement offices and a few other interested parties. But for the most part the individual who thinks he might desire government employment has been expected to find out for himself the examinations being given. Only in times of general labor shortage do government recruitment agencies follow a different practice.

To be sure, operating agencies, who after all are the most concerned with the type of personnel they get for appointment, do frequently take their own steps to call vacancies in top positions to the attention of the most-qualified individuals. Indeed, they may interview certain persons and endeavor to persuade them that they should apply for a civil service position. This happens especially when an agency is seeking peculiarly qualified scientific or expert personnel. In 1940 the Federal government established a National Roster of Scientific and Specialized Personnel for recording the nation's resources in such individuals. This roster was invaluable during World War II in locating persons with highly specialized qualifications, often combining expert knowledge with some language ability or other peculiar characteristic.[10] This roster has been continued in various ways since 1945.

If the best available talent is to be obtained for any government task, from bookkeeper to nuclear physicist, personnel officials must make an active effort to find it. Now that operating officials in the Federal government share recruiting and examining authority with the Civil Service Commission, they will probably take a greater interest in seeking the desired personnel. Recruitment techniques, after all, are relatively simple. They consist largely in finding the possible sources of needed talents and in informing them of government positions. Trade and professional schools, as well as other educational institutions, can be visited, and prospective applicants interviewed. Unions, trade associations, and many other groups can be enlisted in the search for persons. Operating officials will usually know the outstanding professional men and women in their fields, and vacancies can be advertised. When the number of vacancies is limited and competition is keen, this should be indicated. And some judgment must be used in the extent and effort of recruitment campaigns. There may be less need, for example, to encourage students of a business school to apply for a typing-stenography examination than there is to call the opportunities of government service to the attention of third-year law-school students.

The eligibility requirements set up for positions necessarily limit the recruitment effort. The most commonly specified qualifications concern education, experience, and age. Legislative bodies and some state courts have not looked with much favor upon education or age qualifications which limit eligibility to, say, young college graduates. And some recruitment agencies establish such rigid experience requirements that only a few persons are able to qualify. These again may be undesirable extremes. But qualifications may be set so as to encourage widespread or limited application for government posts.

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[10] See Leonard Carmichael, "The Nation's Professional Manpower Resources," in White, ed., *op. cit.*, p. 97.

Examination is the means usually employed for determining the relative abilities of job applicants. The original civil service act in the Federal government in 1883 provided that examinations should be "practical in character," and this has remained the tradition in all governmental units. In recent years there has been a growing awareness that so-called "objective" examinations of a written nature have their faults and do not necessarily provide a sure basis for comparing the abilities of applicants. Although much effort has been given to improvement in test construction, such other means as individual or group oral interview and greater detail about previous job performance have become important techniques as well.[11]

The idea that persons can be positively ranked on a scale of 100 has also come under recent attack. The personnel task force of the Hoover Commission recommended that applicants be ranked qualitatively by categories, such as outstanding, well-qualified, qualified, and unqualified. Moreover, registers of eligible appointees would be kept "open," that is, new names would be added from time to time as examinations were periodically held. The appointing officer would then be permitted to select any person available in the top one or two categories who seemed best to fit his needs. The only restriction would have been that an eligible veteran should receive preference over a nonveteran, and where it seemed desirable a personnel officer should require the appointing officer to demonstrate in writing that no discrimination was involved in his final selection. These practices had generally prevailed in the Tennessee Valley Authority in operating its own personnel system.[12]

Veterans' organizations and government employee unions have been opposed to so fundamental a change in the examination procedure. The veterans' preference legislation of 1944 wrote two phases of examination and appointment into law. It required that no minimum educational requirements be fixed for examinations except where scientific, professional, or technical positions were involved, and it required appointing officers to select one of three persons certified by the Civil Service Commission as the top eligible persons for appointment. Congress has not been willing to change these provisions, fearing that preference for veterans might be jeopardized or political preference introduced in civil service practices.[13]

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[11] Cf. Anna G. Douglas, "Should Civil Service Endorse Science or Novelty?" *Public Administration Review,* vol. 10 (Spring, 1950), p. 78.

[12] *Task Force Report on Federal Personnel,* Appendix A, prepared for the Commission on Organization of the Executive Branch of the Government (Washington: Government Printing Office, 1949), p. 25.

[13] Leich, *op. cit.,* pp. 108–109.

Testing has made many improvements in recent years and certainly has become more exact than ever before. There still remain a number of issues which the personnel technician must answer in some way. In the first place, shall an examination be intended to measure existing skills or ability to learn as well? There seems to be a general disposition to include the second as a legitimate object of examination. Continuing job satisfaction may depend upon future promotion; moreover, many higher positions in government service may be filled through promotion rather than by recruitment from outside. General ability to learn then becomes an important element in the desired equipment of the appointee. In more routine and manual types of work, however, ability to learn may be of less importance. It may then go unreflected in the examination. But even for clerks, stenographers, and bookkeepers, general intelligence would seem important in evaluation of capacity.

In the second place, what attention should be given to personality traits? This is no simple problem to resolve. The immediate inclination is to say that of course personality is important and should be considered. Certainly, in any organization personality traits will affect the disposition to cooperation upon which the effectiveness of the organization so largely depends. But just what are these personality traits and how shall they be measured? Can disposition to cooperate be accurately defined and determined? Should some desirable characteristics be considered in the negative, that is, as the absence of certain notably undesirable traits, such as an extreme disposition to jealousy or a persecution complex? Should the whole issue of personality be equated with mental health, and the problem left to the psychiatrist as a part of the physical examination? There is probably no entirely satisfactory answer to these questions, though certainly modern psychiatry can be of great asistance at least in weeding out the undesirables.

In the third place, what physical traits and general medical condition should be prescribed for appointees? Virtually all governmental units making civil service appointments now prescribe that appointees must be able to pass a physical examination and be certified as in "good physical condition." In some instances, as for police and firemen, the physical standards are very high; for most positions certain minimum standards are usually prescribed sufficient to ensure that the appointee is a good physical risk. Not to prescribe any physical examination is a questionable practice. Ordinary prudence dictates that appointees should not have any physical defect which would prevent the efficient performance of their duties. At the same time, physical requirements should be reasonably related to the work involved. This means physical standards should be set for types of jobs.

In the Federal government two general types of examination are used. One is the "assembled" and the other an "unassembled" examination. The assembled examination is usually a written examination which is administered to all applicants for a particular type of position at specified times. The unassembled examination has been used for positions paying higher salaries. It involves the evaluation of an applicant's education, experience, and achievements without a direct written examination.

Appointing officers are the officials responsible for administrative operations. They are the heads of departments and independent establishments, bureau chiefs, and other duly designated subordinate officials. The status of an appointing officer in the Federal government is conferred either by law or by delegation from a department head. The final determination of the individual to be appointed to public office accordingly is made by the official responsible for operations. Civil service may limit or circumscribe the range of choice, but actual selection and appointment is an act of appointing officers. They may ask their personnel assistants for advice, and the papers may actually be prepared and signed in the personnel office, but the responsibility is that of the chief administrator of the unit involved.

Formal papers of appointment are necessary in order to record a person's selection for government service and to attest his payroll status. This is simply a routine which nonetheless must be exactly fulfilled.

One limitation upon appointment is contained in the provision of the Federal civil service law which requires apportionment of appointees serving in Washington among the several states according to their population. This has been a severe limitation imposed by the legislature, but one that is not likely to be removed. The Civil Service Commission has endeavored to enforce the requirement for the government as a whole rather than by each agency, service, or grade. Usually states like New York, Massachusetts, Illinois, and Ohio contribute more persons than the law specifies, while Southern and Western states have contributed a smaller number. The commission has to adjust registers of eligibles in order to carry out the provision. Or under the more decentralized system of recruitment and examination begun in 1946, the Commission has to issue instructions to appointing agencies to observe this requirement in practice and give preference to eligible applicants coming from states with less than their proportionate number of persons in the Federal service.

The counterpart of the apportionment limitation in state and city jurisdictions is the requirement that an appointee be a resident of the governmental unit under which he is appointed. Most states and cities are likely to argue that any needed abilities for government service can be found among their own residents and that there is no reason to import "carpetbaggers." Sometimes this requirement may be waived under exceptional circumstances. The restriction is obviously a form of provincialism or localism which hampers the recruitment of the best available personnel regardless of residence and hence restricts the free movement of career government personnel from one political jurisdiction to another.

One other aspect of appointment should be noted. Usually initial "permanent" appointments are probationary. The standard period of probation is six months, although a year is specified for certain postal employees. This probationary period affords an opportunity for supervisory officials to observe an appointee's actual performance on the job. Employment during this period may be terminated at any time by the appointing officer, who is required only to state his reasons in full to the appointee. Or at the end of the probationary period an appointing officer may terminate employment upon the grounds of an unsatisfactory efficiency rating. The quality of government personnel then depends in large part upon the effective use made of this probationary period.

Training

As personnel administration has moved into the positive aspect of promoting job satisfaction and efficient work practices, more and more attention has been given to the training of employees. In general, personnel training has two different objectives. In the first place, some degree of training is necessary to instruct a newly appointed employee in the immediate work he is expected to do and the methods by which the job must be performed. Usually this is referred to as "on-the-job" training. In the second place, some training is intended to enhance the individual abilities of the worker and so advance the possibility of later promotion. On occasion it may be almost impossible to draw a clear-cut distinction between the two types.

On-the-job training may be centrally organized or left to the discretion of the individual supervisor. In the second instance, the results are apt to be haphazard and variable. For this reason personnel officers in government agencies have tended in recent years to set up minimum standards for on-the-job training to provide assistance to supervisors in conducting such training. On-the-job training may vary from the mere mechanics of the immediate job to be done to a general orientation in the functions and traditions of an agency as a whole and how the work of the individual contributes to the general goal. Most training specialists today emphasize the importance of broad orientation for the newly appointed employee. Sometimes this is provided by a central personnel office before an individual actually reports for his work. Sometimes it is given in conjunction with instruction about the particular job. In some instances the orientation training may become quite extensive and elaborate, involving a number of visits to observe various aspects of an agency's work.

The scope of the training necessary to inform an individual about his immediate job varies with the nature of the work and with circumstances. If the job to be done in government is similar to the previous work experience of an employee, on-the-job instruction may be quite brief. If, on the other hand, the job is different from previous experience, a fairly elaborate course of instruction may be required. Thus the Foreign Service, where recruitment is based upon the general abilities of the applicants, provides an intensive training course for newly inducted foreign-service officers.[14] On the other hand, the typists, the bookkeepers, and the draftsmen recruited to perform their particular skills in the government are usually given only a small amount of instruction from their supervisor about how the work is to be performed in that particular agency.

When an agency finds it impossible to obtain the particular skills it needs in the necessary numbers, training programs are required in order to provide the required employees. In wartime, in paticular, many government agencies in Washington found it necessary to set up training courses for typists and stenographers after government appointment in order to obtain these services. During the 1930's the Tennessee Valley Authority provided for apprenticeship training for skilled labor such as machinists, carpenters, plumbers, painters, bricklayers, and electricians, in order to have the necessary number of employees with these particular qualifications. At other times, government agencies have had to select persons with some apparent aptitude for the work and then train them as draftsmen or as accountants in order to have the skills required.

The extent of the management obligation to train the individual to assume greater responsibility than that presently performed is debatable. In the past, the usual attitude has been that any training to enhance the ability of the individual was entirely up to that person. If he wished to broaden his general educational background or to acquire new skills and techniques, he made use of the educational facilities of the general community. Most large centers of government activities, such as the national capital, most state capitals, and our large cities have educational facilities of some kind. Most urban universities have late afternoon and evening courses to fit the needs of government employees.

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[14] See Frank Snowden Hopkins, "Training Responsibility in the Department of State," *Public Administration Review*, vol. 8 (Spring, 1948), p. 119.

On the other hand, some personnel specialists have been inclined to say in recent years that this general training should not be left merely to the whim of the individual employee or even to the chance of available and satisfactory educational facilities located in the general community. They argue that the government receives a direct return in the increased capacity of the individual who avails himself of further educational opportunities. Moreover, an employee who sees the possibility of promotion is more apt to provide satisfactory performance in his current assignment. Then, too, if the general training is broadly related to promotion opportunities and the needs of the government service, it will be more satisfactory from the point of view of the individual and of the government. For such reasons more attention has been given to general educational activities.

The most elaborate educational facilities of government are those operated by the Armed Forces. More specific but nonetheless extensive training programs are operated by the police departments of most large cities. Selected members of local law enforcement agencies have also been enrolled in the training school of the Federal Bureau of Investigation. The most general type of educational facility operated within the Federal government is the Graduate School of the Department of Agriculture set up in 1921. When this school was first set up, it offered courses in such fields as plant genetics, crystallography, plant physiology, biochemistry, agricultural economics, and statistical methods. Subsequently, the school expanded in the 1930's and 1940's until it was offering a wide variety of undergradute and graduate courses. The enrollment grew to 5,000 students. The courses were offered after office hours, and the tuition charges defrayed all operating costs. The government provided the rooms, heat and light, and janitorial service. The legality of conducting such a school was questioned by the Comptroller General in 1940,[15] and the task force of the Hoover Commission in 1949 recommended that Congress enact general legislation setting forth the training responsibilities of government agencies. This had not been done, however, as of 1953.

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[15] 76th Cong., 3d sess., S. Doc. 182, Apr. 2, 1940.

The growth of the research and scientific work of government has raised some new questions about the place of education and training in administrative agencies. Should most basic research of government interest be performed under contractual relations with state and private universities, or by government laboratories? Should government scientists be given periodic leaves with pay to obtain additional educational experience? Should government research facilities be made available to university research personnel? These are not simple matters to decide, and a variety of arrangements may be found in practice.

As a general proposition it appears to the author that management should confine its training interests to what may be called "on-the-job" training, even though some circumstances warrant a fairly elastic interpretation of the scope of such training. Vocational training, undergraduate education, professional education, and graduate study should remain the province of the educational facilities of our society, such as the public schools and the public and private universities. These institutions are responsive to requests of government agencies for educational services, and cooperation is easily arranged, as when New York University and Syracuse University joined in 1947 to provide courses in Albany for state government employees. The author is disposed to believe that most basic scientific research is better done under contractual arrangements with universities. Some such general policy understanding as this would fix limits to what management itself will endeavor to do in training its employees.

Efficiency Ratings

From time to time during the course of an individual's employment, supervisors and personnel specialists are confronted with the task of evaluating employee performance. In many government jurisdictions "efficiency rating," as it is termed, has become a highly standardized and complicated practice.

The objectives in efficiency rating are first of all to make sure that an employee is rendering satisfactory performance in his job, and second to provide a comparable basis of judgment among individuals. Such a basis for comparison becomes important in considering both salary increases and possible promotions. The basic problem in efficiency rating, however, is that of trying to achieve "objective" evaluation of an employee's work. Obviously, a supervisor's judgment about the performance of an employee must reflect subjective and intangible considerations. Much necessarily depends upon personality factors, and in some instances these may result in favoritism and even collusion which discriminates against certain employees. Accordingly, efficiency-rating systems have attempted in so far as possible to channel subjective elements of judgment into standardized paths. Much time and ingenuity have been spent in trying to devise the perfect evaluation form and procedure. The results have not been very satisfactory.

In 1949 the personnel task force of the Hoover Commission called attention to several well-known defects in the efficiency rating practices of the Federal government. The supervisor was expected to say in effect that an employee was good and ought to be promoted, or that he was poor and should be demoted or fired. Under the circumstances supervisors tended to avoid employee difficulties and to rate everyone as good, very good, or excellent. The employee might take his rating to a higher official and argue at length that his work was not properly evaluated. Moreover, each government agency was expected to use a standard efficiency-rating form which might or might not fit the peculiarities of the job and which suggested ideal performance standards rather than a comparison with other employees. Two essentials of performance evaluation, the task force declared, were being overlooked. One was the need for periodic review between supervisor and employee of the latter's development in his job and of weaknesses still to overcome. In addition, the evaluation procedure emphasized performance rather than growth and further growth potential. Accordingly, the task force recommended that efficiency ratings be confined to an appraisal of employee performance, progress, and growth potential, that the use of summary ratings (excellent, very good, good, etc.) be discontinued or made optional, that ratings be discussed between supervisor and employee, that higher management discuss ratings with supervisors to see what could be done to improve employee performance, that ratings be used in establishing promotion registers and in selecting employees for advanced training but that any suggestion of automatic personnel action following a rating be dropped.

Some progress toward a new system of performance evaluation became possible with the passage of the Performance Rating Act of 1950, approved September 30. Ratings were still geared to certain personnel actions, since automatic pay increases up to the maximum level followed a rating of "good" or "outstanding," and removal or reassignment was necessary for those labeled "unsatisfactory." But each department or agency was now made responsible for developing its own rating system, subject to approval by the Civil Service Commission.

The law also required that employees be informed of the actual performance standards fixed by the agency.

The development of efficiency-rating forms has become a special technique in itself. Some personnel officers have insisted that the number of traits selected for evaluation should be kept small, that the traits must be observable in the performance of the work and describable in simple terms, and that the traits must reflect the divergent aspects of an individual's performance. Traits to be evaluated should be presented in the form of questions such as "Does an employee work hard?" and not in simple terms or phrases such as "industry." There has been some debate, furthermore, about the number of gradations which are desirable in evaluating performance. Again, should these gradations be presented in simple terms such as "exceptional, " "good," "average," "poor," or as descriptive alternatives peculiarly related to each trait to be measured? These and similar considerations have occasioned extensive arguments among rating technicians.

Since it is commonly realized that the major difficulty in efficiency rating is the supervisor himself, the mechanics of rating procedure try to restrict subjective discretion. In addition, the more carefully supervisors are instructed in the purposes and mechanics of efficiency rating, the more satisfactory usually is the final product. Despite extensive efforts in both directions, whether efficiency rating is generally to be regarded as a nuisance, a waste of time, or even undesirable remains an open question. Yet employee evaluation has to go on constantly in any administrative organization. The real problem is simply how formalized shall be the procedures of this job rating. Quality of work must be judged unless all personnel actions are to be based solely upon seniority.

Promotion and Transfer

A system for promotion of government employees is commonly recognized as an important element in personnel management. When the policy is adopted of filling higher positions from employees already within the service, improved morale and efficiency in operations are expected to result. Employees then compete with one another in their desire to obtain advancement. The prospect of increased responsibility and compensation may serve as a stimulus to better performance and greater effort on the part of the worker. Moreover, the appointment of employees to top positions develops continuity in operations and ensures experience in the direction of activities.

As we have noted earlier, there are, of course, valid reasons which may be invoked at any time against the practice of promotion from within. An operating agency may be in need of new blood, new imagination, and new direction. On occasion the best-qualified personnel may be found only outside the service itself, perhaps from state and local governments or even from private business and educational institutions. General civil service practice in the United States makes appointment to top positions from outside the civil service itself always possible; this is undoubtedly a desirable safeguard. Yet promotion from within is a useful part of present-day personnel management.

The mechanics of promotion, however, are much more difficult to devise. For one thing, there is the problem of fixing definite steps or sequence in promotion. In the second place, there is the problem of selection for promotion. And third, there is the problem of transfer to related activities as a means of providing promotion for the individual employee.

In certain of the career services, definite avenues of promotion have been designated. This is true, for example, in the Army, Navy, and Air Force; in the Public Health Service; in the Foreign Service; and in the Forest Service. The same thing is true of the uniformed services, such as fire and police, in state and local government. Yet these tend to be exceptions rather than the rule, especially in the Federal government. In all these cases promotion depends upon vacancies in higher grades. But in the Federal service, for the most part, there are no fixed avenues of experience or service which lead to definite superior positions. Much depends upon the circumstances and the personalities involved when supervisory positions become vacant.

In some ways, the absence of definite avenues of service and experience in order to obtain future promotion is an advantage. The individual may have greater opportunity for advancement, and top-management officials may have a wider range of selection in filling positions. On the other hand, the absence of carefully worked-out lines of promotion may mean that some competent personnel are disregarded. Much depends, then, upon chance—upon personal acquaintance and upon individual knowledge about various vacancies. No mechanics can completely eliminate this situation. Yet certainly much can be done to outline, at least, possible careers in the public service and to broaden the area of selection in promoting personnel. This remains one of the continuing challenges to personnel management.

In 1938 President Roosevelt by executive order directed departments and agencies to establish promotion systems. This effort was presumably under way when defense operations began in 1940. The greatly augmented demands for Federal personnel during the war years made a promotion program meaningless. In 1949 the Hoover Commission recommended that each agency be required again to pay more attention to the problem. The Civil Service Commission in 1950 issued instructions for each agency to establish a systematic promotion program. The most common criticism of these efforts, apparently, is that competition for promotion is usually confined to a very narrow part of an organization.[16]

In 1946 the United States Civil Service Commission organized an Interdepartmental Placement Committee to encourage the transfer of career employees capable of filling higher vacancies in other agencies. Some three hundred to four hundred placements a year resulted from this effort. In addition, the Commission, in 1951, took another step in this direction by setting up an examination for "Federal administrators." Competition was limited to persons currently employed by the Federal government at the rank of GS-12 or above, regardless of occupational specialty. A written test was administered designed to indicate administrative judgment. The results were used as a means for identifying persons who might be transferred among agencies to fill the highest positions.

Civil service practice generally contemplates that promotion, like initial appointment, will depend upon competitive evaluation of applicants. Civil service laws and regulations often require competitive examinations as the basis of promotion. Such has been the practice in police and fire services in local government; such has occurred also in the selection of postmasters and even in the appointment of bureau chiefs in the Federal government. Similarly, competitive examinations have been given from time to time for promotion of clerical and stenographic personnel. Wherever there are a large number of vacancies to be filled or where there is a considerable number of individuals within government service from whom selection for promotion may be made, competitive examination seems desirable and even necessary. On the other hand, many promotions in the Federal government are made on a noncompetitive basis; this is particularly true in the higher administrative and professional levels. In these instances, top-management officials may declare that only one or two individuals are qualified by experience for a promotion and that there is little point in having open competition. In such instances the Civil Service Commission has ordinarily permitted administrative officials to make promotions at their discretion, provided the Commission is satisfied that satisfactory standards have been observed. Some flexibility in promotion practice is certainly desirable.

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[16] Leich, *op. cit.*, p. 100.

Often efficiency ratings are used as the basis of promotion. As the sole criteria of selection, however, efficiency ratings continue to have too many defects to be an entirely trustworthy guide. Some of the career services follow the general practice of setting up selection boards. The advantage here is to mitigate the element of single individual choice in determining who shall be promoted. The Armed Forces of the United States now have such selection boards. In addition, they follow the practice of compelling the retirement of those persons who, having served a number of years in the service, are passed over at least three times for top promotion.

There is general agreement among personnel specialists that seniority alone as the basis of promotion is undesirable. Yet in many instances top administrators find seniority a convenient method of avoiding the charge of favoritism and personality influences in making promotions. Seniority, of course, tends to discourage younger people in any agency or service and to give a certain rigidity of outlook to administration. Yet it is easy to understand why it continues to be so popular as a basis of promotion. Certainly years of service is an important element to be considered in promotion practice.

Transfer involves the movement of an employee from one agency to another. Within some operating units such transfers are directed by top management. An individual is observed to have desirable characteristics. His service may then be needed in another part of an operating agency. Usually such transfers open the way for future promotion.

Yet transfers directed by a top administrator occur only within limits. A bureau chief may keep careful record of the performance of subordinates and watch for opportunities to move the more promising persons from one type of job to another. Such reassignment is entirely within the administrative authority of a bureau chief. Yet in the Federal government, particularly, the movement of employees from bureau to bureau within a large department may occur rarely, and from department to department directed transfers are virtually unknown. The same situation prevails in most state and local governments. The explanation is partly a matter of size and partly a matter of the absence of both the machinery and the desire to effect such transfers. In smaller administrative units, such as a bureau, the top administrator may become personally acquainted with many of his subordinates. His personnel assistant may be alert to identify promising individuals and to recommend reassignment in order to broaden the individuals' experience and to ensure future promotion. Many department and agency heads, on the other hand, are only indifferently acquainted with subordinates other than the immediate heads of operating units. Their personel offices often make no attempt to seek out promising individuals in operating units and move them from one bureau to another. A high degree of specialization in government service may partly obstruct such transfers.

During World War II the Civil Service Commission in its wartime regulations limited transfers of employees from one agency to another. This step was taken in order to prevent "raiding" by agencies experiencing difficulty in obtaining the numbers and types of employees necessary for war activities. In addition, there was much criticism that some employees were seeking a constant switch of jobs in order to obtain higher pay. In consequence, most government employees during the war years were "frozen" in their jobs. This was an unusual step, however, and one which does not ordinarily prevail. Most supervisors or top administrators are willing to release subordinates to another agency if they desire to make the shift. The Civil Service Commission in general has sought only to make certain that classification standards are not violated by such transfers.

There is no simple solution to the problem of promotion and transfer. The administrator must make every effort to keep and advance the subordinates most urgently needed in the performance of a particular service. Other employees may be encouraged to seek a transfer elsewhere. Still other employees may be content to remain at a particular level of activity and compensation. Not everyone can be promoted. Management must seek to ensure simply that the ablest employees rise to the top.

Discipline and Dismissal

Discipline is one of the most perplexing personnel problems confronting any administrator or supervisor. It is a phase of personnel management which cannot be delegated to a personnel specialist. In the strictest sense, discipline is the negative aspect of administrative leadership. Positively, any supervisor or administrator must give a major part of his own personal effort to evoking the best productive response from his assistants and subordinates. But always in the background there remains the weapon of discipline as a final resort in attempting to achieve satisfactory work performance.

Most supervisors and administrators in one way or another realize that any formal act of disapproval of an employee's work is to be utilized only when all positive efforts at leadership have failed. In any large organization, especially, there will probably always be some employees who must be threatened in order to obtain even passable work effort. Discipline, then, is a kind of administrative punishment, to be used sparingly and carefully. At the same time, it must be used. For the continued infraction of work habits or the disregard of expected work customs and organizational loyalty which are overlooked by a supervisor or administrator may become infectious. Nothing can so quickly destroy administrative effectiveness as a widespread sense of the complete absence of discipline in an organization.

Unquestionably, the discipline problem becomes most bothersome in an organization where supervisors and administrators fail to exercise positive leadership of employees. When clear and concise instructions are given to an employee, when the work habits and customs are carefully stated and generally known, when the ability and fairness of the supervisor or administrator are commonly realized, discipline is usually a simple problem. Under the reverse conditions, infraction of even minor rules and regulations may be widespread. Then there are always some supervisors who find it easier to direct by some means of fear rather than by evoking a positive response. Such administrators may have to be endured; they do not make for effective management.

In general, disciplinary action may be divided into two broad categories. There are first of all the various actions which a supervisor or administrator may take without the approval of a superior. The reprimand and reassignment of duties are the most common such actions. The supervisor may warn an employee that his work habits or work performance are not satisfactory. He may reflect this judgment in efficiency ratings. In the second place, disciplinary action may be of a more formal and far-reaching character. In some organized services, such as the police and fire departments of cities or other uniformed services of various governmental levels, an employee may be disciplined by demerits or a loss of promotion rights. A few governmental jurisdictions may still make use of the fine, although this practice has practically disappeared. Continued tardiness may even be punished by a reduction in pay; this practice is more common, although in effect it amounts to a fine. The final steps in discipline are suspension without pay, demotion, and actual dismissal.

The complaint is often made that civil service rules in various governmental jurisdictions hinder or prevent the effective discipline of employees. Actually, such a complaint is more apt to reflect the timidity of the administrator than the actual restrictive nature of the civil service practices. As the distinguished head of a large department in New York City once wrote: "The dismissal of employees is always a difficult and distasteful business, but no public official is worth his salt who does not face that issue courageously. The head of a department always must accept his full responsibility to manage his department and control its operations in the area of personnel as elsewhere."[17] Civil service rules are intended merely to prevent suspension, demotion, or dismissal for political or religious reasons. Dismissal for political reasons has been so common a practice in American government that some safeguard is necessary. To be sure, a disciplined employee may raise the charge that action was taken against him for political or religious reasons. But certainly in the Federal government, and in other jurisdictions as well, the administrator who can indicate that there was reason for his disciplinary action will face virtually no criticism and certainly almost no possibility of reversal.

The civil service regulations of the Federal government provide that an administrator may suspend, demote, or dismiss an employee in the classified service "for such cause as will promote the efficiency of the service." The only restriction upon his action is the requirement that he set forth reasons for his action in writing. The disciplined employee must be given notice of the disciplinary action and of any charges against him. He is permitted, furthermore, a reasonable time in which to reply. But the disciplined employee is not given an opportunity to examine witnesses or to receive a hearing upon the charges against him unless the administrator taking disciplinary action against him so desires. Furthermore, the Civil Service Commission will not review the sufficiency of the administrator's reasons for disciplinary action unless the disciplined employee is a veteran or unless he can offer fairly substantial grounds for complaining that action was taken for political or religious reasons.

There are a number of specific reasons, likewise, which are recognized in civil service regulations as just cause for removal from the public service. The regulations of the Federal government are not too different from those to be found in most other civil service jurisdictions. Thus Federal employees may be removed because of physical or mental unfitness; criminal, infamous, dishonest, immoral, or notoriously disgraceful conduct; intentionally making a false statement in obtaining certification for appointment; refusal to furnish testimony on any pertinent employment fact; habitual use of intoxicating beverages to excess; and making an illegal appointment, such as appointing a noncitizen when the individual himself made no effort to conceal this fact. In addition, as has been pointed out above, an employee of the Federal government or of state and local governments partially compensated from Federal funds must be dismissed when he engages in political activities prohibited by the Hatch Acts. Finally, under Federal law and executive order, an employee about whose loyalty to the government of the United States there is reasonable doubt may be dismissed from government service. It was estimated in 1952 that 24,000 discharges were occurring in the Federal service a year and that 36 per cent were for inefficiency and 20 per cent for abuse of leave.[18]

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[17] William Hodson, "When You Work for the Government," *Survey Mid-Monthly*, vol. 75 (November, 1939), p. 333.

The importance of not vesting complete discretion for dismissal in department heads has been revealed from time to time, especially in state and local jurisdictions. Thus Michigan in 1937 provided by law that a department head might dismiss an employee "whenever he considers the good of the service to be served thereby." The Civil Service Commission of the state, however, might review such dismissals and recommend modification or reinstatement. When a Republican administration replaced a Democratic administration in the state in 1939, there were some 622 dismissals in a nine-month period. In the review of 220 of these cases the state civil service commission decided that only 93 had been for the good of the service and that 127 were definitely motivated by political considerations. In every one of these latter cases, the departments reinstated the employees without protest.[19]

Realizing the seriousness of disciplinary action and attempting to avoid unfair discrimination by supervisors, many administrators establish some kind of review machinery before disciplinary action is taken. Often suspension without pay, demotion for cause, and dismissal can be taken only by a bureau chief or department head personally; subordinate supervisors can only recommend such action. In addition, the bureau chief or department head ordinarily asks his personnel official to investigate the circumstances when such a recommendation is made. In some instances the top administrator may even go farther and set up a review board to hear the individual if he wishes to contest the charges made against him. When such arrangements as these are created, there is the danger that the supervisor may feel that he is on trial rather than the employee against whom he has recommended disciplinary action. At the same time, top administrators usually find it desirable to avoid the appearance of approving such far-reaching action without considering the employee's own individual circumstances. On the whole, it is surely desirable for a top administrator to have his personnel office inquire into each individual case of disciplinary action before it is approved. Such inquiry can be made without embarrassment to the supervisor or the individual employee. Such procedure is also a desirable safeguard from the employee's point of view. Certainly no disciplinary action should ever be taken which suggests punitive action by a supervisor because of personal difficulties with an employee.

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[18] Leich, *op. cit.*, p. 124.

[19] Edward H. Litchfield, "The 'Open Back Door': A Case Study," *National Muncipal Review*, vol. 30 (February, 1941), p. 85.

Disciplinary action is not impossible in the public service; rather, it is fairly common. Certainly administrators must have disciplinary powers in order to perform public service effectively. They not only must possess such authority but must exercise it when needed. But disciplinary action is a final resort. It is and should be used only when all other efforts to obtain the desired work response from an employee have failed.

Reduction in Force

Contrary to the opinion which prevails in some quarters, many government agencies from time to time face the problem of reducing their personnel. The problem is always a difficult one which requires the greatest tact and discretion.

There are various standards upon which to base the selection of employees for separation because of curtailment of activities. Ideally, to be sure, administrators should utilize a necessary reduction in force as an occasion to separate the least-efficient workers, while retaining those whose past performance has been most satisfactory. Such procedure was recommended in 1949 by the Hoover Commission. Because it is so difficult to identify clearly those who should be retained on the basis of efficiency, management sometimes falls back on the standard of seniority. In a career system there is good reason for this. In addition, in the Federal government, veterans must be given preference, especially if they have permanent status.

The greatest complexity in reductions in force arises in the matter of the extent to which transfers shall be attempted. If an agency comes to an end, or is greatly reduced in size, shall its senior employees and its veterans be transferred to another agency and its junior employees dismissed, or shall the dismissed employees simply be given preferential reemployment privileges?

In the Federal government a rather elaborate procedure was worked out for curtailing the number of employees after the end of World War II. Certain categories of personnel were to be separated first, such as those serving under temporary appointments of one year or less and employees serving probational or trial periods. For all other employees a system of "reduction credits" was established, which gave numerical ratings for years of service and for efficiency ratings. All employees were then divided into four categories: employees without military preference with only a fair efficiency rating, employees having military preference with a fair efficiency rating, employees without military preference having efficiency ratings of good or better, and employees having military preference with efficiency ratings of good or better. Reductions in force were then to be made in these four categories of tenure according to the reduction credits of the individual employee. In addition, reassignment rights were given to those in the top categories. As many as four or five reassignments might then result from abolishing one position. After 1950 the Civil Service Commission decided that no new appointments should be of a permanent nature and restricted reassignment rights to those with permanent tenure. Otherwise, displaced career employees simply enjoy top priority in obtaining future employment.

Retirement

Governmental jurisdictions in the United States were late in adopting retirement plans for public employees. There was no retirement law in the Federal government until 1920. At the time, only three states had previously passed general retirement legislation, and that in the period from 1911 to 1919. Today, most states and cities have retirement systems of either a general or specialized character.[20]

Executives and administrators in public service cannot in their own discretion establish retirement systems, nor can they modify these systems once they have been established. Retirement arrangements depend upon legislative enactment. On the other hand, a chief executive and his personnel supervisors have a continuing obligation to examine the adequacy of a retirement system and to recommend desirable changes to the legislature.

The absence of a retirement system usually results in the continuation of public employment long beyond the peak of individual productive effort. The public payroll itself may become a kind of pension system, retaining employees simply because no provision has been made to provide them some compensation once they have ceased to be "active" workers. Such a situation not only becomes costly to the public service in terms of the employment of individuals incapable of average productive effort, but also discourages younger persons in the service whose opportunities for promotion are thereby blocked.)

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[20] See Mosher and Kingsley, *op. cit.*, pp. 508–511.

Whether there should be compulsory retirement, and the age when such retirement must occur, are subjects of continuing argument. In the Federal government at the present time, retirement is compulsory at seventy years of age for general civil service positions. The President by executive order, however, may authorize the continuance of an employee in public service beyond that age when he possesses "special qualifications." Many retirement systems provide for a compulsory retirement at sixty-five. In the next few years, as the life expectancy lengthens and the average age of our population increases, sixty-five may be too young. On the other hand, seventy as the compulsory age of retirement seems not unreasonable, particularly when in unusual circumstances an exception becomes possible. Even so, it is to be assumed that exceptions will be rare and for only a limited period of time. Voluntary retirement may be permitted after twenty or thirty years of service, or upon attaining sixty, sixty-two, or sixty-five years of age, with a certain minimum period of service.

The details of retirement systems are too technical for consideration here.[21] In general, a contributory scheme has been favored, with like contributions required from the employee and the government employer.) In the Federal government at the present time the employee contribution amounts to 6 per cent of compensation. The government in turn contributes an amount necessary to pay retirement benefits as provided under the retirement law.

(From the point of view of management, administrators have several essential interests in the retirement system as it affects public employees. In the first place, the system must stipulate retirement ages so that this is not left entirely to the discretion of the administrator. Virtually all public retirement systems fix a statutory retirement age, either compulsory or voluntary, on the part of the employee. In the second place, the benefits provided from the system must be adequate to support the public employee after retirement. Relatively meager retirement benefits may have consequences almost as undesirable for the public service as no benefits at all. In the third place, in order to retain a sense of fair play on the part of the employee, the retirement system must provide for a return of the employee's contribution, with interest, if he voluntarily resigns or is dismissed before retirement age. In addition, in event of death the employee's contributions, with interest, should be payable to his heirs. When such conditions as these are not met in a retirement system, dissatisfaction and even hostility are apt to arise between employees and management. The fact that most governmental retirement systems do not provide for any transfer of benefits when the employee moves from one jurisdiction to another is becoming a serious problem today.

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[21] The two types, the cash disbursement and actuarial reserve, are briefly summarized by Mosher and Kingsley, *op. cit.*, pp. 513–522.

The management of a retirement system requires special arrangements. Usually a retirement system is operated for the benefit of all employees of a government jurisdiction. The major part of the administrative load is then carried by a central administrative agency. The records of employee contributions and the determination of employee retirement payments or refunds are large-scale clerical operations. In almost all jurisdictions there is more than ample room for considerable improvement in the operation of the retirement system. In addition, the management of the retirement fund requires particular care. Some government jurisdictions or some specialized retirement funds, as those for police and firemen, make provision for the employees themselves to elect up to one-half of the trustees of a retirement fund.)No such arrangement exists in the Federal government where the retirement fund is managed entirely by the United States Treasury.(In some state and local governments retirement funds have been mismanaged and even dissipated. Under such circumstances the whole retirement system is jeopardized. If the employee does not possess complete confidence in the integrity of the management of a retirement fund, a retirement system cannot serve its fundamental purpose.)

Personnel Control

No matter how careful the initial personnel planning by management, only experience can reveal whether all employees are being fully and effectively utilized to contribute to the end purposes of an agency. And even though appropriations authorize a certain number of employees, this is no guarantee that the best use is being made of their services. Only a management improvement program can help management determine whether personnel resources are being well used. Such a program may be given additional incentive by a system of personnel controls which requires operating officials to justify their total number of employees every three months or so. Such a system was established by law in the Federal government during World

War II.[22] In some departments, as in the War Department, this was accompanied by an effort to develop "yardsticks" in terms of work load and past experience to decide just how many employees might be needed.[23]

Whether rigorous personnel ceilings are required in peacetime administration seems dubious. Ordinarily, budget ceilings fix an upper limit to the number of employees an agency may hire. The task of management is to make the best possible utilization of this number in rendering maximum possible public service.

Personnel Records and Statistics

Personnel management is impossible without adequate records and statistics. Management must know who its employees are in terms of qualification and job assignment, age, tenure, turnover, location, and other characteristics. Such data are needed for budget purposes, in planning personnel programs, and in answering misconceptions about the public service, such as the common assumption that all government employees are clerks. Actually, most employees of the Federal government are industrial-type workers employed in arsenals, shipyards, supply depots, and other installations of the Armed Forces. Another 20 per cent are postal employees. Most local government employees are schoolteachers.

Management must have adequate personnel data, but its record keeping can also get entirely out of hand. This is another phase of personnel work requiring constant attention.

General

Regardless of the progress made in government personnel practice in recent years, there is still vigorous criticism. One person leaving government service after several years has written that Federal personnel practice is inflexible and unadaptable to special circumstances, does not eliminate political pressures, places too much emphasis upon status and tenure, has failed to develop adequate recruitment techniques, makes reduction in force too complicated, and discourages the dismissal of employees for reasons of inefficiency.[24] A former Civil

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[22] Edgar B. Young, "The Control of Government Employment," in White, ed., *op. cit.,* p. 160.

[23] See George W. Peak, "The War Department Manpower Board," *The American Political Science Review,* vol. 40 (February, 1946), p. 1; and Pierre S. Palmer, Jr., "Manpower Control in the Air Transport Command," *Public Administration Review,* vol. 7 (Summer, 1947), p. 184.

[24] Bernard L. Gladieux, "Civil Service versus Merit," *Public Administration Review,* vol. 12 (Summer, 1952), p. 173.

Service Commissioner has responded by calling attention to the many efforts made to improve government personnel practice in recent years, such as the delegation of more authority to department and agency heads, new recruitment techniques, examinations for higher positions, the large volume of government dismissals, and efforts to reduce paper work.[25]

There is no surcease to the task of improving government personnel.

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[25] Robert Ramspeck, "Administrative Flexibility in the Federal Civil Service," *Public Administration Review*, vol. 12 (Autumn, 1952), p. 234.

CHAPTER 14 *Legal Service*

The lawyer has an important part in the top levels of management in the public service. The department head and the bureau chief must necessarily rely heavily and continually upon legal advice and assistance. The public service depends upon law. While the public administrator may lay claim to implied powers, rarely indeed, if ever, can he lay claim to *inherent* power. The authority of the public administrator is derived from the legislature and the chief executive, and is subject to scrutiny and interpretation by the courts. In the absence of statutory or executive authorization, an assertion of administrative power will ordinarily fail.

In simplified terms, the proposition may be stated in this way. In our private, or nongovernmental, group operations, we may usually do anything not specifically prohibited by law. Occasionally, in our corporate activities the questions of authority to engage in certain activities may be raised, but the corporate charters and laws of some states convey very broad powers. Thus, outside government service, the customary situation we confront is that we are free to do whatever has not been restricted by law. We seek legal advice about the limitations we must observe in our activities. In the public service the exact reverse is true. The administrator must have legal advice about what it is that he is permitted to do. In operating government services, the administrator may do only what he has been legally empowered to do, and in the absence of legislative or executive authorization he may not act.

Obviously, then, management requires legal advice to guide its actions along the authorized paths. The lawyer thus becomes an indispensable part of management. To be sure, not every government administrative agency may have its own lawyer or legal staff. We shall say more about legal organization in a moment. But chief administrators and their principal associates must have exact knowledge of the laws they administer. The complexity and the controversial nature of their work will determine whether formal legal advice must be obtained periodically or continually.

In those agencies where legal problems are numerous, the lawyer becomes a major participant in guiding the formulation of top policy. The general counsel, solicitor, or legal adviser—however he may be labeled—ranks with the closest associates of an administrator in considering the lines of action to be taken and the methods of procedure. The very nature of the legal basis of administrative authority makes this participation necessary. The situation was well expressed in one official government report in these words: [1]

> We have been forcibly impressed by the pervasive role played by the lawyer in the administration of the American Government. Every branch of the Federal Government proceeds under specific statutory authority, and every statute and every executive action is subject to the limitations of the Constitution. There inevitably arise a swarm of legal problems around every officer charged with administrative responsibility. Legislation must be construed; proposed acts or regulations must be drafted; hearings must be held; legal opinions must be prepared; litigation must be conducted. The lawyer, in contrast with the ordinary professional employee of the Government, is inevitably thrown into the heart of the policy-making process and of necessity has an important, and often a controlling, voice in the major issues of his department or agency.

Because the lawyer is so important to management, it is essential for government agencies to have competent lawyers. There has been a good deal of controversy about whether or not lawyers should be appointed in administrative agencies through civil service procedures.[2] We need not debate this subject here. At the present time in the Federal government lawyers are not selected under any formal merit scheme; the same situation exists in most state and local governments. But however they are chosen, the need for able lawyers in the public service cannot be questioned. It is sometimes maintained that any lawyer admitted to the bar in one of the states has thereby demonstrated his personal qualification to handle legal matters. But formal educational prerequisites and a system of bar examinations have become general in most states only in the past twenty or twenty-five years. It will be a similar length of time before it can be assumed that all lawyers at the beginning of their career have met certain educational and other tests of individual competence.

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[1] *Report of President's Committee on Civil Service Improvement*, 77th Cong., 1st sess., H. Doc. 118, February, 1941, p. 31.

[2] *Ibid.*, pp. 31–55.

Under existing and probably future circumstances there will be a good deal of difference in the abilities of the lawyers who are hired by government. It seemed apparent in its court contests that the Roosevelt administration made a grave mistake in the early 1930's in not insisting upon top-quality legal service. Conceivably, some of the adverse decisions rendered by the courts might have been avoided if more care had been given to the ability of those appointed to major legal positions. This error was not made, for example, when the Tennessee Valley Authority retained separate counsel to represent it in the original attack upon the constitutionality of its legislation. The counsel so retained, Mr. John Lord O'Brian, had been assistant to the Attorney General of the United States during the Hoover administration. He succeeded in defending the TVA legislation before the Supreme Court. The emergency war agencies during World War II were generally well served by the quality of the lawyers who joined their staffs, as were the War and Navy Departments, who persuaded men of eminent legal ability to join them for the duration. A Democratic administration may prefer Democratic lawyers and a Republican administration may prefer Republican lawyers, but management is well served only when it has highly competent legal personnel available to advise it.

Occasionally one encounters criticism that lawyers tend to dominate policy discussions in the public service. A good deal of Congressional criticism arose against the legal staff of the Office of Price Administration during World War II on the grounds that the general counsel was too influential in determining price policy and that the legal personnel lacked an appreciation of business problems.[3] Sometimes one hears administrators complain that government lawyers are overly cautious and tend to hinder rather than to help management in meeting administrative problems. Such comments merely underline the importance of the legal service available to management.

We may note in passing that lawyers frequently move from legal staffs into positions of general administrative authority. To be sure, many of those selected by department heads as their assistants in managing an agency may be lawyers, since government service has always attracted a good number of persons of legal training and experience. There is no reason why a lawyer who demonstrates adminis-

[3] On this point, as well as on legal service generally, see *Problems in Price Control: Legal Phases,* Office of Price Administration, Historical Report 11 (Washington: Government Printing Office, 1947).

trative capacity and interest should not rise to top-management posts the same as any other professionally competent person. But it does seem important to distinguish between the lawyer turned administrator and the lawyer serving as a lawyer in presenting legal advice to management. The nature of the duties required by the two kinds of positions is different.

When a Department of Justice was established in the Federal government in 1870, Congress endeavored to concentrate all the legal activities of Federal administrative agencies in that department.[4] Heads of other departments were generally prohibited from employing their own separate legal staff. Some of the officers of the Justice Department staff continued, however, to specialize in legal work arising out of particular departments and agencies. In addition, new agencies, such as the Interstate Commerce Commission, acquired their own separate legal staffs. In 1928 one study found that there were 919 legal positions in administrative agencies in Washington, of which only 115 were officially under the Attorney General. The Treasury Department had the largest legal staff with 253 positions. Then in 1933, by an executive order, President Roosevelt transferred those solicitors for departments still in the Justice Department to the department each served and gave complete responsibility to each department and agency for the conduct of its own internal legal work. The Justice Department retained control over all litigation in the name of the United States, and departments and agencies could go into court only by permission of and in association with the Attorney General. There was some opposition to this arrangement for a time, but as a general proposition the 1933 pattern has been perpetuated as the organizational arrangement for legal work in Federal administration. Some agencies, however, continue to have the right to prosecute or defend cases in the lower Federal courts with only nominal supervision by the Attorney General.

In many state and local government jurisdictions, legal work continues to be consolidated in the office of an attorney general or corporation counsel. This is satisfactory when the total volume of legal work is relatively small and quite diversified. But in larger states the administrative agencies with a specialized legal interest tend to develop their own separate legal staffs. This is especially true of regulatory agencies in the public utility field and of certain other agencies such as those administering employers' liability or unemployment compensation laws. In the enforcement of criminal laws the traditional organization is to separate the police or investigative force from the prosecuting work of the county attorney or the United States district attorney.[5]

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[4] Carl Brent Swisher, "Federal Organization of Legal Functions," *The American Political Science Review*, vol. 33 (December, 1939), p. 973.

The activities of a departmental legal staff center around five major kinds of work: (1) legal advice on statutory interpretation, (2) the drafting of measures for submission to the legislature, (3) the drafting of rules and regulations supplementing statutory enactment, (4) handling matters requiring administrative adjudication, and (5) preparing cases for litigation in the courts. There are other special types of work which are sometimes of major importance. In the Armed Forces of the United States the greatest volume of legal work arises out of the administration of military justice and of contracting for supplies. Indeed, most administrative agencies letting major contracts, as for construction, require specialized legal assistance. But the five types of work outlined above provide a convenient grouping of the major legal concerns of management in the public service.[6]

The importance of the lawyer and at the same time a modest view of his position have been well exemplified by the two principal attorneys serving the War Production Board during World War II.[7] The attitude of O'Brian and Fleischmann, subsequently head of the National Production Authority in 1952, was that the lawyer could and should facilitate administrative action. They were concerned about the adequacy of the statutory authority of the Office of Production Management (predecessor to the WPB) and drafted additional legislation which was passed by Congress in 1941. They watched over delegation of authority from the President to the chairman of the WPB and in turn from the chairman to his operating subordinates. By insisting upon the prescription of certain standards of action in all internal orders, they avoided a challenge in the courts on the score of "delegation run riot," as the Supreme Court once described an administrative situation. They saw to the careful drafting of rules and regulations which formulated standards of conduct of general application. In particular, they were concerned to avoid discrimination, bias, or the appearance of arbitrariness. They arranged the creation of an appeals procedure so that any person aggrieved by the orders restricting use of raw materials might present his case for exception or modification. In certain circumstances the WPB had the power to requisition property when the owner was unwilling to make it available on reasonable terms for the national defense. The use of this power raised issues of careful legal procedure. Then in a few instances the WPB had to resort to the courts in order to enforce compliance with its regulations. It was WPB policy not to seek punishment for noncompliance in the absence of a showing of willful violation or gross negligence amounting to willful disregard of the regulations. The lawyers further arranged for the defense of the WPB whenever any of its actions were called into question. As a matter of "sound public policy," O'Brian never objected to court review but insisted that the question for the court to decide was whether the administrative decision was based upon supporting evidence. In conclusion, O'Brian felt that the legal policies and procedures of the agency "not only met the constitutional requisites of due process, but conformed generally to the principles and standards of the democratic process." His account is an excellent summary of how the lawyer may serve management.

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[5] On the organization and operation of the law department in a large city (Chicago), see Robert W. Seibenschuh, *The Administration of Municipal Legal Services* (Chicago: Public Administration Service, 1942). For other comments on state and local municipal law departments, see John M. Pfiffner, "The Role of the Lawyer in Public Administration," *Southern California Law Review*, vol. 20 (1946), p. 37.

[6] On the general nature of government legal work in administrative agencies the author has found these especially helpful: Esther Lucile Brown, *Lawyers, Law Schools, and the Public Service* (New York: Russell Sage Foundation, 1948); Philip Glick, "The Role of the Lawyer in Management," *Advanced Management*, vol. 5 (March–April, 1940), p. 68; Fritz Morstein Marx, "The Lawyer's Role in Public Administration," *The Yale Law Journal* (April, 1946), p. 498; and Fritz Morstein Marx, "Some Aspects of Legal Work in Administrative Agencies," *University of Pennsylvania Law Review*, vol. 96 (February, 1948), p. 354.

[7] John Lord O'Brian and Manly Fleischmann, "The War Production Board Administrative Policies and Procedures," *The George Washington Law Review* (December, 1944), p. 1.

Advice

As we have emphasized, administrative authority rests upon law and the administrator must constantly seek his signposts in the words of the statutes he carries out. But the meaning of legal language is not something definite and immutable. The words of the law change with different times and different circumstances. Judicial interpretation of statutory language is one way in which these changes are given concrete application, but only a small part of the legislation governing administrative agencies ever falls under the purview of the courts. It is in the informal and formal advice of the staff lawyer that management finds guidance in deciding what the law does and does not permit.

A former general counsel of the Federal Security Agency has commented that the lawyer in government is especially dedicated to promoting consistency and rationality in administrative action.[8] It is the lawyer's concern to keep foremost the idea of a government of laws and not of men in the sense that objectivity and equal treatment for all persons is one of the basic goals of our society. In this effort, the general counsel hastens to add, other management officers also contribute. The lawyer's position is essentially advisory. As another writer has so cogently put it, the rule of law is not the same thing as the rule of the lawyer.[9] Another observer has been quite critical of the "legalism" in the Office of Price Administration during World War II which he thought was carried "to an unusual and dangerous extreme."[10]

The legal adviser must participate in all top policy discussions if he is to be an effective aide. He must understand the problem and help explore desirable solutions. He may suggest how desired ends may be legally attained, and may caution against actions which would run the danger of adverse court judgment or deny an individual his full legal right or equality of treatment. Beyond this, the lawyer contributes his judgment about the kind of case or specific circumstance in which it may be desirable to obtain outside judgment, whether it be that of the Attorney General, the Comptroller General, or a court of law. The selection of the "wrong" case as a test of the meaning of a law can do much to ensure an interpretation contrary to the point of view desired by management.

In an agency where many laws have accumulated over a considerable period of time, the legal staff may codify the existing legislation and bring together the various official interpretations which may have been made of any part of the law. The legal staff is expected also to be familiar with the legislative history of the laws which an agency administers. In addition, the legal staff must keep abreast of general restrictions imposed by law upon such matters as budgeting, personnel, supply, and other operations.

Most of the advice rendered by a legal staff is informal. It consists of memoranda prepared for other members of the management group or for subordinate operating officials. But occasionally it may be desirable to set forth legal advice in more formal terms, as in an official opinion to the department head. Such an opinion may be an important factor in some future attack upon an agency's interpretation of its authority. Or upon advice of the legal staff a department may decide to obtain an official opinion from the Attorney General or the Comptroller General. Frequently, it is the general counsel or an assistant who then carries on the informal negotiation which precedes announcement of the opinion itself.

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[8] Alanson W. Willcox, "The Lawyer in the Administration of Nonregulatory Programs," *Public Administration Review*, vol. 13 (Winter, 1953), p. 12.

[9] Marx, "Some Aspects of Legal Work in Administrative Agencies," p. 375.

[10] Vincent M. Barnett, Jr., "Modern Constitutional Development: The Challenge of Administration," *Public Administration Review*, vol. 4 (Spring, 1944), p. 162.

Legal advice is obviously the heart of the relationship between the lawyer and the other individuals who constitute the management of an agency. No lawyer serves his fellow workers well when he counsels them to ignore the limitations of statutory enactment. No lawyer serves management well when he fails to protest any action which appears to violate the fundamental conception of fair play. But within these broad standards of proper advice, the lawyer's task is to help promote the basic aims of the agency and to facilitate their accomplishment.

Legislative Drafting

A second function of the legal staff is to draft measures to be submitted to the legislature. The broad purposes to be served by additional legislation are usually determined by management as a group; the legal staff must implement these decisions by preparing the appropriate statutory language for legislative consideration. Often this is a technical job, since there are certain words and phrases which have come to have definite administrative and legal meaning. To give an obvious illustration, we may mention the importance of the "separability clause," which provides that if one part of the legislation should subsequently be held invalid by a court, this holding shall not affect the other parts of the statute. The inclusion of such language can be important to an agency upon some future occasion. Clauses which authorize appropriations and which repeal or except other conflicting statutes are equally important.

A great part of the legislative product in any session of Congress or of a state legislature originates with administrative agencies. For example, of some 429 public acts, exclusive of appropriation laws, passed in the first session of the Seventy-fourth Congress (1935), 270 involved the organization and functioning of administrative agencies.[11] Undoubtedly similar data about subsequent sessions would reveal little change in this situation. The same is true of our state legislatures. In New York State, for example, a study in 1941 revealed that of 1,641 bills introduced, 769 originated with administrative agencies and officials; while 502 of the 884 finally enacted had their source in state administrative agencies.[12]

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[11] See Edwin E. Witte, "The Preparation of Proposed Legislative Measures by Administrative Departments," in President's Committee on Administrative Management, *Report with Special Studies* (Washington: Government Printing Office, 1937), p. 361.

One commentator has observed that "the function of administrative departments is chiefly to supply the legislature and the executive, on their request, with information they need for the efficient discharge of their duties in relation to legislation, and to initiate minor bills designed to correct defects which have shown up in the laws that these departments administer."[13] At the same time he has admitted that such a proposition is "an understatement of the role played by administrative departments in statute lawmaking."

The relationship of an administrative agency to Congress in the drafting of statues depends upon a number of different factors. In a time of crisis, such as 1933, 1941–1942, or 1950, a large proportion of the major pieces of legislation will probably originate in administrative agencies or in the office of the President. An administrative agency with close ties to particular interest groups may draft legislation at the request of the interest group, which may then be transmitted indirectly to a friendly Congressman. Or, the relations between an administrative agency and individual Congressmen may result in legislative drafting activity at the request of the legislators themselves. Or, an administrative agency over a period of time may decide that fundamental changes are needed in the organic legislation under which it performs certain activities.

In any event, the drafting work which goes on in administrative agencies is substantial, and usually falls into the hands of the staff lawyers of a department. In general, legislative drafting work is of two broad types. The first is legislation of basic importance, involving either new activities more or less related to the present work of an agency, or involving fundamental changes in the present objectives and policies of administrative activity. The second type is legislative matters of relatively minor importance, amending existing legislation in order to clarify the intent of the legislature. In point of fact, a sizable proportion of the laws finally enacted in any session of a legislature coming from administrative sources will be of this second character. Thus in New York State in 1941, fourteen measures advocated by the Department of Agriculture and Markets became law; four of these enacted new provisions of law, eight simply improved the administration of existing provisions, and two corrected or clarified existing law. Or, of twenty-four measures enacted into law sponsored by the Insurance Department, only three were of general importance.[14]

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[12] Elisabeth McK. Scott and Belle Zeller, "State Agencies and Lawmaking," *Public Administration Review*, vol. 2 (Summer, 1942), p. 205.

[13] Edwin E. Witte, "Administrative Agencies and Statute Lawmaking," *Public Administration Review*, vol. 2 (Spring, 1942), p. 116.

There is nothing insidious or destructive of our basic framework of government in the situation where administrative agencies write laws. After all, agencies may draft many pieces of legislation. Only the legislature has the power to make them law. Legislators need administrative assistance in writing measures and in considering them. But legislators must pass the final judgment. Most of the time this judgment is critical, too. Few bills prepared by an administrative agency emerge from the legislature without change. Often there is a fundamental difference in point of view between administrator and legislator. The first is concerned with flexibility; he desires fairly broad statements of authority in order that he may have discretion in meeting future situations which cannot be accurately forecast. The legislator, on the other hand, is concerned with limiting administrative authority. He wants to know fairly exactly what an administrator wants to do, and then decide whether he approves. The legislator's attitude is that if some unforeseen circumstances arise, let the administrator come back and seek the authority he may then need to handle the situation. Between the administrator's concern for flexibility and the legislator's concern for fairly precise definitions of authority, some compromise usually emerges.

In addition to drafting new or modifying legislation for consideration by the legislature, the legal staff may also be called upon to comment about legislation presented to an agency for its consideration. Today it is standard practice in Congress and in most of the state legislatures to refer any pending bill involving the work of an existing administrative agency to that agency for its comment, regardless of the source of the measure. The role of the legal counsel in this process of review and comment depends upon the wishes of the individual administrator, but his opinion usually has great weight in management consideration of pending legislation.

In the Federal government the Bureau of the Budget has provided a clearance service which reviews both new measures prepared by an administrative agency and the reports prepared on pending bills. The purpose of this review is twofold. In the first place, the Bureau of the Budget is concerned with how legislation may affect the general budget of the government. A standard expression has been developed which requires an administrative agency in commenting upon pending legislation to say it is informed by the Bureau of the Budget that a particular measure is or is not "in accord with the President's program." In the second place, any particular administrative bill or report may involve the interests of other administrative agencies. Central clearance by the Bureau of the Budget enables the Bureau to refer a measure to these other interested agencies. For a time during the 1930's, bills drafted by Federal administrative agencies were also referred to the Justice Department for review by a departmental attorney who specialized in legislative drafting. This practice was abandoned with the growing size of the Federal government.

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[14] Scott and Zeller, *op. cit.*, pp. 207–208.

There has been occasional objection to this clearance procedure as exercised by the Bureau of the Budget. Certainly it takes time; sometimes administrative agencies have not desired that their proposals should be reviewed by other administrative agencies. On occasion there has been some doubt whether the Bureau of the Budget was clearly interpreting presidential desires. Occasionally some department heads have refused to abide by the clearance procedure, and on other occasions administrators have short-circuited it by discussing measures personally with the President. From a management point of view, however, legislative clearance seems desirable within a large department, and even among the various administrative agencies of government. Such clearance can prevent hastily, ill-considered provisions which conflict with the work of other agencies, or which involve appropriations requests that a department head or a President is not willing to propose.[15]

Rules and Regulations

Most administrative agencies enjoy the statutory authority to issue rules and regulations in executing their duties. In 1936 a study for the President's Committee on Administrative Management identified no fewer than 115 Federal agencies which, under 964 different laws and 71 executive orders, had the authority to issue rules and regulations.[16] In 1941 the Attorney General's Committee on Administrative Procedure made no attempt to enumerate the various agencies which enjoyed rule-making power.

The rule-making power has been defined as "the legal authority of administrative officers or agencies of government to prescribe discretionary or interpretive rules and regulations of general application and legal effect, or to determine the existence of the conditions under which contingent statutes are to become operative."[17] The exercise of the rule-making power is an activity in which the legal staff ordinarily takes a leading role on behalf of an administrator. There is no uniform terminology on rule making. Some agencies issue rules, some regulations, and others orders. The terms may mean the same thing. If the provisions have a general application to individuals coming within the scope of the statute and the regulation, it meets the requirements of what we shall term here simply "administrative rules." To be sure, administrative agencies may also issue orders which deal with their internal organization and procedures. These are a different type of rule which need not concern us here.

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[15] See Carl R. Sapp, "Executive Assistance in the Legislative Process," *Public Administration Review*, vol. 6 (Winter, 1946), p. 10.

[16] See James Hart, "The Exercise of Rule-making Power," in President's Committee on Administrative Management, *Report with Special Studies* (Washington: Government Printing Office, 1937), p. 313.

Administrative rules, for the most part, fall within one of four categories, although the line of demarcation may not always be clear. The first kind of rule is a contingent one, announcing conditions which make the terms of a statute applicable. A second type supplements the provisions of law, usually by making them more specific and more concrete. The third kind of administrative rule is interpretive, giving meaning and content to statutory provisions. Finally, an administrative rule may prescribe standards to be observed by the individuals subject to regulation.

From time to time Congress has provided that provisions of a law shall become effective only in the event that certain circumstances arise. For example, the provisions of the Tobacco Inspection Act of 1935, which required inspection of all tobacco prior to its sale at auction, do not become effective in any market area until the Secretary of Agriculture finds that two-thirds of the producers in the area desire such tobacco inspection. Administrative agencies may also be permitted to exempt certain individuals and circumstances from the provisions of a law. Thus the administrator of the Wages and Hours Division may issue orders which permit employers to pay laborers having specified physical handicaps less than the prescribed minimum wages.

Probably most administrative rules belong in the category of supplementing or interpreting statutory provisions. Most rules may be said to be supplementary, giving effect and meaning to very general legislative direction. Much of the work of the War Production Board in World War II consisted of issuing limitation orders and conservation orders which carried out the broad directives of the priorities legislation of June 28, 1940, and of May 31, 1941. These laws provided only

[17] *Ibid.*, p. 319.

that priority should be given by industry to the delivery of goods ordered by the United States government for its defense needs, but said nothing about how such priorities were to be determined or enforced. Administrative action had to fill in all these details.

On the other hand, many administrative agencies have authority simply to issue interpretive rules or regulations sometimes called "declaratory rulings," which set forth an administrative agency's concept of the meaning of statutory provisions. Thus under the Revenue Act of 1938, the Bureau of Internal Revenue may issue rulings interpreting tax liability in given circumstances. The Bureau of Customs has followed a similar practice, as has the Post Office Department and the Securities and Exchange Commission. The Fair Labor Standards Act of 1938 provided that the Wages and Hours Division of the Department of Labor might issue regulations on only two or three subjects, such as wage records to be kept, executive and administrative positions to be exempt from the law, and the definition of industrial areas. The Division subsequently asked Congress for authority to issue regulations explaining the meaning of the law, such as whether it applied to the time consumed by a laborer in transit from a mine shaft to the place of work. Congress, however, refused to grant such authority. Under the circumstances the Division issued "interpretations" which have been given "great weight" but which do not have the full effect of a rule.

Finally, many rules announce standards which have been left to administrative determination. Thus the Civil Aeronautics Board may establish safety standards to be observed by commercial and other private aircraft. The Grain Standards Act of 1916 authorized the Secretary of Agriculture to establish official standards for grading various types of grain. The same kind of authority was conferred on the Secretary by the Cotton Standards Act of 1923.

All such rule making usually involves extensive administrative procedures. The Attorney General's Committee on Administrative Procedure in 1941 pointed out that there were usually four stages in the rule-making practices of Federal administrative agencies. These involved the investigation or study of a particular problem, the formulation of tentative ideas about regulations, the testing of these ideas, and the final formulation of the regulations themselves.[18]

Three particular problems have arisen involving the procedure in administrative rule making. These concern consultation with the affected interest, possible requirements of administrative clearance of rules prior to issuance, and publication of rules.

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[18] Attorney General's Committee on Administrative Procedure, *Administrative Procedure in Government Agencies,* 77th Cong., 1st sess., S. Doc. 8, 1939, p. 102.

Many administrative agencies for some time made it a common practice, even in the absence of statutory requirement, to consult the affected interests before orders were issued. For example, commodity regulations and marketing agreements issued by the Secretary of Agriculture were framed only after advisory consultation with agricultural interests. Even in wartime, in the Office of Price Administration, price regulations were usually issued only after consultation with advisory committees, of which there were 440 by 1944.[19]

Except for executive orders, there has been no standard procedure in the Federal government for the clearance among administrative agencies of proposed rules before their issuance. Most executive orders are in fact prepared by departments and other agencies. Before formal promulgation these draft executive orders are submitted to the Bureau of the Budget, where they are cleared in much the same manner as drafts of legislation or reports on legislative measures. Within any particular administrative department the extent of clearance of orders depends entirely upon the department head. Often top management requires that rules prepared by a bureau must be cleared with other bureaus before issuance.

In declaring the petroleum clause of the National Industrial Recovery Act unconstitutional in 1935, the Supreme Court of the United States called attention to the haphazard manner in which executive orders and administrative rules were published.[20] Thereupon Congress passed the Federal Register Act of July 26, 1935, for the systematic publication both of executive orders and of administrative rules issued by the various departments.

The Administrative Procedure Act of June 11, 1946, establishes certain common practices to be followed by all administrative agencies of the Federal government in making administrative rules. Section 3 of the Act required all agencies, except when a function entailing secrecy in the public interest was involved, or on matters relating solely to internal management, to publish its rules in the *Federal Register*. These rules include descriptions of delegations of authority to central and field offices, statements of general procedure in exercising its authority, as well as all "substantive rules," "statements of general policy," or "interpretations" adopted by an agency for the guidance of the public. In the exercise of its rule-making power an agency must give general notice of a proposed rule in the *Federal Register,* stating the authority under which the rule is proposed, the terms or substance of the rule, and the time, place, and nature of rule-making procedures. Thereafter an agency must afford interested persons an opportunity to participate in rule making by submitting written data and views. Oral argument remains a matter of discretion for the administrative agency. And rule making, upon the basis of a carefully prepared record, must be specifically authorized by statute. The effective date of any substantive rule cannot be earlier than thirty days after publication except "upon good cause." Finally, every agency must accord interested persons the right to petition for the issuance, amendment, or repeal of a rule.

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[19] See *Lectures on Administrative Regulation* (U.S. Department of Agriculture, Graduate School, 1945). Other examples of consultation were cited by the Attorney General's Committee on Administrative Procedure.

[20] *Panama Refining Company v. Ryan,* 293 U.S. 388.

These general provisions concerning rule making do not apply to the military, naval, or foreign affairs functions of the Federal government, or to any matters involving agency management, personnel, public property, loans, grants and benefits, or public contracts.

These requirements of the Administrative Procedure Act tended to standardize what was already regarded as "best practice" in issuing rules and regulations by administrative agencies.[21] The act has served to caution Federal agencies to be especially careful in their procedures for rule making. The principal person in management responsible for making sure that these cautions are observed is the staff lawyer.

Adjudication

Administrative adjudication is the process of applying the public policy of legislation to individuals in a procedure closely resembling judicial action. The difference between administrative adjudication and courts of law has been much debated in our country in recent years. There has been a sharp clash of opinion about the matter, many persons fearing that courts were being displaced in their judicial function. But the idea of administrative adjudication has come to be generally accepted today, subject to certain safeguards.

A great part of the work of administrative adjudication arises in the field of what has been termed "regulatory administration." [22] Not all the activities of government fall in such categories as protecting life and property or promoting certain public purposes like education, utilization of water resources, or highways. A good deal of the public interest in our society is evidenced by regulation of the behavior of individuals in their private capacity in order to achieve certain standards of conduct believed necessary to the public safety, health, and welfare. In the past such standards of conduct were enforced in large part through the courts, often by the process of one person suing another for damages resulting from a private tort. But in a complicated society in which individual relationships have unfathomable ramifications, traditional judicial action has seemed insufficient. Various groups in society have sought further protection, and this has been provided through regulatory agencies.[23]

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[21] See, for example, an earlier discussion by Ralph F. Fuchs, "Procedure in Administrative Rule-making," *Harvard Law Review,* vol. 52 (1938), p. 259.

[22] George A. Graham and Henry Reining, Jr., eds., *Regulatory Administration* (New York: Wiley, 1943).

The administrative agency differs from the court of law in several important respects. It has a positive obligation to define and promote the public interest in accordance with the standards set forth by the statute. This means that the administrative agency may initiate action if it is disposed to do so; it does not have to wait to determine the public interest until some aggrieved individual brings a case or controversy before it. In the second place, by concentrating its attention upon a particular area of public policy, the administrative agency develops a specialized knowledge and competence in the field. In the third place, administrative procedures may be somewhat less technical than those of courts, although this difference is tending to disappear.[24]

Administrative adjudication arises usually in one of four types of action. The first is the award or revocation of a license which confers special benefits upon an individual. The second type of action involves a determination that an individual has violated the public policy set forth in statutory law. The third type concerns an individual who desires to establish eligibility for certain government privileges. The fourth type touches an individual who believes he has been aggrieved by administrative action. All four such situations have become familiar to us today.

Licensing has become a recognized administrative technique. Sometimes licenses are issued to anyone who applies and who meets certain tests of eligibility. Such licenses may range from those for the pushcart operator to the engineer and doctor, from the dealer in alcoholic beverages to the operator of a night club or motion-picture theater. In these instances, a controversy requiring some form of administrative adjudication normally arises only when an agency takes the initia-

[23] Cf. James A. Landis, *The Administrative Process* (New Haven: Yale University Press, 1938).

[24] For an early discussion of these differences see Frederick F. Blachly and Miriam E. Oatman, *Administrative Legislation and Adjudication* (Washington: Brookings, 1934).

tive in seeking revocation of the license. In other instances, usually differentiated by the label "certificates of convenience and necessity," the license is awarded initially only after a formal process of adjudication. This is true in licensing radio and TV stations, commercial airplane lines, interstate motor carriers, railroads, power development at a dam site, and other public utility operations. Here the license is issued only upon a demonstration by the applicant of his ability to meet certain standards of service. A patent is an exclusive license to exploit new and useful inventions. Sometimes a registration amounts almost to a license; it is unlawful to sell securities, for example, without registering them with the Securities and Exchange Commission.

In some laws a legislature merely sets forth certain broad definitions of public policy and then leaves to an administrative agency the task of specifying particular kinds of behavior which do not conform with the legislative intent. For example, in the Federal Trade Commission Act, Congress declared it public policy to prohibit companies engaged in interstate commerce from indulging in "unfair methods of competition." But it became the job of the Federal Trade Commission to decide just what kind of business behavior in practice constituted unfair competition. In 1935 the Wagner Labor Relations Act declared it to be contrary to desirable public policy for a business engaged in interstate commerce to refuse to bargain collectively with its employees. But what kind of action in practice amounted to such a refusal was left for determination by an administrative agency. Similarly, most states have laws which make it illegal for public utilities to charge unreasonable rates, but determination of what is an unreasonable rate rests with state public-service commissions. In all these situations the administrative agency proceeds to act against an individual only after investigation of the circumstances and upon finding of a violation of a stated public policy. Although many controversies may be adjusted or settled on an informal basis, a few will proceed to the formal state of a hearing and finding.

In still other types of legislation administrative agencies are given authority to decide the applicability of a statute to particular individuals. In the field of employer liability for industrial accidents it is necessary to determine that an individual was injured in the course of his occupational duties and through no willful misconduct or negligence on his part. In such circumstances a stated amount of injury or disability payment is due the employee, or in the case of death some payment may be due the employee's family. In unemployment compensation cases the individual must demonstrate that he has been working in a covered industry and that he is unemployed through no fault of his own. In some instances a conflict may arise about eligibility for benefits; this may have to be adjudicated. There is even a process approaching adjudication in the handling of tort claims. As a part of the Legislative Reorganization Act of Aug. 2, 1946, Congress enacted a Federal tort-claim law. Previously, Congress had directed heads of departments to investigate claims of individuals for damages arising out of administrative action up to an amount of $1,000 and to certify justifiable claims to the legislature. Under the 1946 law an individual may claim damages against the United States on account of damage to property or on acount of personal injury caused by the "negligent or wrongful act or omission of any employee of the Government while acting within the scope of his office or employment." There are various exceptions specified by the law, and suits for recovery may be brought in a Federal district court. But heads of departments were empowered to settle claims up to $1,000. This means that department heads must decide whether the conditions of the law have been met and whether an injured individual shall recover damages up to the stated amount.[25] All these situations require a type of administrative adjudication.

In the fourth place, there are instances in which an individual complains about the administrative action taken as it affects him. Thus, in income tax or other tax matters, a citizen may object to the assessment of tax against him. Or a person subject to a deportation order by the Justice Department may object on the grounds that he has not entered or tried to enter the country illegally. In such cases, again, some kind of determination of the facts and law in the case are necessary.[26]

We are not concerned here with the various problems concerning administrative organization to handle adjudication or with the broader issues of administrative adjudication as a desirable or undesirable factor of present-day government administration. It is enough for our present purposes simply to acknowledge that administrative adjudication exists in a wide variety of governmental activities and that administrative agencies do in fact decide "cases and controversies" involving individual citizens.

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[25] Walter Gellhorn and C. Newton Schenck, "Tort Actions against the Federal Government," *Columbia Law Review*, vol. 47 (July, 1947), p. 722.

[26] For accounts of the extent of administrative adjudication in our present-day governmental machinery, see the thirteen monographs prepared for the Attorney General's Committee on Administrative Procedure, 76th Cong., 3d sess., S. Doc. 186, 1940; the four volumes of supplementary reports prepared by Robert M. Benjamin on *Administrative Adjudication in the State of New York* (1942); George Warren, ed., *The Federal Administrative Procedure Act and the Administrative Agencies* (New York: New York University Law School, 1947); and Frederick F. Blachly and Miriam E. Oatman, *Federal Regulatory Action and Control* (Washington: Brookings, 1940).

Because of this situation a good deal of concern has arisen about the actual procedure employed by administrative agencies in adjudicating rights and privileges of individual citizen. A number of standards for such procedures developed from judicial decisions and general practices. In turn, in the Federal government, these have been set forth in the Federal Administrative Procedure Act of 1946. A number of states have also enacted administrative procedure laws based upon a model act drawn up under the auspices of the National Conference of Commissioners on Uniform State Laws.[27]

In the first place each individual subject to an administrative determination is entitled to notice of hearing, including the legal authority under which the hearing is to be held, and the matters of fact and law asserted. In the second place, an individual is entitled to a fair hearing, which involves an opportunity to submit facts, to make an offer of settlement, to be represented by counsel, and to conduct cross-examination. Records of the hearing must also be kept. In the third place, the Federal legislature requires that the examining officer who conducts the hearing shall also make the recommended decision. Special provisions were also made for the appointment of examiners to conduct hearings. In the fourth place, an agency must make a statement of findings and conclusions with reasons therefor, and of the order to be issued.

The general standard for conducting a hearing was well set forth by the Attorney General's Committee on Administrative Procedure in 1939: [28]

> Procedure at this stage must be framed to require that the special methods of the administrative process operate in such a way as to give convincing assurance, not that the deciding body is indifferent to the result, because it is usually charged with responsibility for continuous protection and advancement of a particular public interest or policy, but that its decision is not motivated by any desire to deal with the parties or their interest otherwise than in the manner which an objective appraisal of the facts and the furtherance of the public duty imposed upon the agency require.

The role of the legal staff in an administrative agency with an adjudicating authority is to make certain that all the requirements of the Federal Administrative Procedure Act are fulfilled.

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[27] Ferrel Heady, *Administrative Procedure Legislation in the States*, Michigan Government Studies, No. 24 (Ann Arbor: University of Michigan, Institute of Public Administration, 1952).

[28] Attorney General's Committee on Administrative Procedure, *Administrative Procedure in Government Agencies*, 77th Cong., 1st sess., S. Doc. 8, 1939, p. 43.

Defense in the Courts

We are not here concerned with the extent and the conditions under which administrative action may be reviewed in courts of law. It is enough to note that it is possible under prescribed conditions for an individual citizen to challenge the legal authority of government agencies to take action. In all such cases the legal staff of an administrative agency is responsible for preparing the defense of the agency. The actual oral argument in defense of an administrative agency may be made under the auspices of the Attorney General, but administrative agencies themselves almost always play a major part in preparing their own defense. This means in effect that an agency must be ready and able legally to justify its administrative actions in court whenever it is required to do so.

Summary

It must be evident from this variety of work that the lawyer's role in public administration is extremely important. In almost all large administrative agencies the lawyer is an essential element of the management group. To be sure, the lawyer is expected to have an abiding loyalty for the agency of which he is a part. But at the same time, he is not true to his own professional ethics unless he is equally concerned with promoting the concept of fair play in the work of administration. On occasion this may make the lawyer a sort of internal check, or "governor," who limits administrative action or places obstacles in its path.

By very definition, the lawyer in an administrative agency is also a part of public administration. The first goal of the lawyer is to help effectuate the purposes of the statutes and of the executive instructions under which an agency operates. The lawyer's client remains the "public interest"; he cannot escape his essential public obligation. Yet at the same time, the heavy tradition of the law, with its respect for the individual, cannot be abandoned. When this happens, the lawyer is no longer serving his role as legal counselor in the management process. We are certainly a long way from finding the happy mean between administrative eagerness and administrative restraint as reflected in the legal work of management.

PART THREE

The Common Problems of Internal Services

CHAPTER 15 *Internal Services: Capital Plant*

The third broad field of concern for management in the public service is the handling of internal services needed to facilitate an agency's operations. Thus far we have discussed the common problems involved in providing direction to the work of an administrative agency, and then the common problems encountered in operating an agency. There remains, finally, the common problems in providing the necessary internal, or sometimes called "auxiliary," services.

These services have one characteristic in common; each is an incidental factor in enabling management and operating units to carry on their primary task. If an administrative service is to perform its assigned activities, first of all it must be housed. It must have the necessary physical plant to accommodate its office force and all the other employees needed to carry out the work. And not only must this physical plant be constructed; it must also subsequently be operated and maintained in good working condition.

In the second place, an administrative agency must have the equipment and supplies necessary to do its work. Office work cannot be performed without equipment such as desks and typewriters; there must be paper, typewriter ribbons, envelopes, paper clips, ink, pens, and other items. Scientific research work cannot be performed without equipment and chemical compounds. Tax collection requires bookkeeping equipment; a state university requires instructional supplies; a hospital requires surgical equipment and drug supplies; a police department requires patrol cars; a public works or sanitation department requires trucks. All these items must be purchased, stored, and issued as needed.

There are other internal services to provide as well. There must be transportation and communication services. Administrative officials have to travel from one office to another, and to visit persons concerned with their work. This travel may be done by public conveyance, or by automobile or other equipment owned and operated by the agency. In some agencies transportation equipment is an essential part of the work, as in police protection, fire fighting, and garbage and rubbish collection. In these and other circumstances, the administrative agency must have means of maintaining transportation equipment in good repair. Communication is an equally important service. Internal office communication may require the operation of a private branch exchange for ready transmission of messages from one office to another. In a large office special arrangements may be necessary in order to receive mail at a central point and distribute it to all offices. Messenger service may be required to transmit papers back and forth. In some large agencies teletype communication or even wireless communication may be necessary from central office to branch or field offices.

A printing and reproduction service is necessary in most agencies to provide copies of essential documents, such as instructions and manuals, or in order to issue reports to all those concerned with the work of an agency. Often the mimeograph machine becomes as indispensable as the typewriter in operating a modern office. Then there is the problem of maintaining the official files and records of an agency. A public office administers a public trust, and the records of its official transactions must be kept available for future public reference or scrutiny. Public records may be disposed of only after passage of a stated number of years; some records may be required by law to be preserved in perpetuity. Thus the handling and preservation of official records is another important internal-service task. And there are other internal services as well, such as maintenance of a library for reference use.

It should be emphasized here that management has the special duty of organizing and supervising these internal services to make sure that they render satisfactory assistance to an office or a whole agency in the conduct of its work. We have discussed previously the problem of organization for rendering these internal services. In order to promote full utilization of specialized personnel and facilities, management may centralize internal services so that each serves all the units of an agency in a given geographical area. In Washington some service activities have been concentrated under a General Services Administration, which, operating directly under the President, serves all the departmental and other offices located in the nation's capital. In addition, the GSA has had ten regional offices to perform services for Federal government agencies in various parts of the United States.

The General Services Administration performs three services: purchasing, construction and operation of public buildings, and records management. Other services such as transportation, communication, and motor maintenance are provided separately by individual departments and other operating agencies of the government. Thus a department may centralize such services in Washington and in the field as each sees fit. Many state and local governments have central purchasing departments and central public works departments handling construction activities. Other services are usually left to the discretion of individual operating agencies.

Service activities may be centralized for performance only in particular phases, while other phases of the work may be decentralized among various levels of an operating organization. Let us take the procurement and distribution of supplies as an example. A central purchasing office may execute the actual orders for supplies, but there must usually be a supply office in an operating department to calculate that department's supply needs, to see that the necessary funds are included in appropriation requests, and then to prepare and transmit supply orders to the central agency as items are required. Then, the central purchasing office will do the actual buying or will issue the desired items from standard stocks kept on hand for ready use. The operating department or agency may have its own stockroom where supplies are received in bulk from the central purchasing office for distribution in smaller quantities to various parts of the agency. Thus, even if there is a central purchasing office for a whole governmental jurisdiction, a department faces the question whether it shall have its own central stockroom and do the "retail" distributing itself, whether each subordinate bureau shall have its own stockroom and requisition directly from the central purchasing office, or whether all units of the department shall draw only small amounts from time to time from the central purchasing office.

There are thus numerous aspects to the organizational problem of providing internal services. As we have suggested before, the major guide for resolving these questions is management judgment. Some compromise is necessary between the efficiency which may be claimed for a hard and fast centralization of all services and the convenience of administrative operation which may be claimed for a more decentralized arrangement. But whatever the choice, management at various levels of organization cannot escape the task of making sure that internal services are satisfactorily rendered. If the services are highly centralized, management at operating levels might keep a record of how satisfactory the service is in meeting operating needs. If the service proves unsatisfactory in many details over a period of time, management at the operating level would be amply justified in presenting complaints to the superior management or to the chief executive, that is, to whomsoever is responsible for supervising the performance of these services.

The most common management concern in the handling of internal services has been this matter of desirable organization—of the level in the administrative hierarchy at which to locate the service and of how to distribute phases of the service process among different operating levels of an administrative agency. In this and the next chapter, however, we shall be concerned with other than the organizational problems which confront management in supervising internal services. In this chapter we shall review the capital-plant problems of management, and in the next chapter we shall observe some major management problems involved in rendering other internal services.

The Master Plan

The first task of management in housing its administrative activities is to plan its plant needs. More and more today it is customary for administrative agencies to develop their own master plan for physical facilities. Such a master plan sets forth the long-term requirements for plant to accommodate the work of an agency. These long-term requirements are of two kinds: replacement and expansion. Replacement plant is that plant needed to take the place of existing facilities which are obsolete or inadequate to handle the existing work load of an agency. Expansion plant is that needed to handle future increases in work load resulting from population changes or other developments.

Ordinarily a master plan includes the type and approximate size of structures to be used in the performance of the work of an agency, the location, and the priority of needs. Each of these factors raises its own complex set of issues for management to decide.

The type and approximate size of administrative structures depends initially upon estimates of future work load and of future personnel required to handle that load. The basic choice then presents itself between handling a growing work load by expanding activities in the locations where they are now performed or using new locations. This is an especially troublesome matter for government offices. There has been a distinct tendency in Washington, in state capitals, and in our large cities for government agencies to think just in terms of expanding the work where it is already located. Many agencies have not thought in terms of maintaining only the essential units of top management in the center and of moving operating units out into other cities or into other sections of a city. With the growing congestion in the centers of our large cities, a good deal of new thinking will be needed about desirable size of administrative offices located in any one central place, such as a civic center.

In the past it has been generally believed that coordination of various government activities could best be achieved by bringing them under a common roof. Undoubtedly there is much to be said for this point of view. As many scattered offices were brought into common new departmental buildings in Washington during the 1920's and early 1930's, departments began to acquire new organizational importance. When the Department of Defense was created in 1947, an effort was made to bring together the heads of the three military departments along with the new office in the Pentagon Building. Many state and local governments have constructed large central office buildings in the past twenty or thirty years. All these arrangements have been of some help in promoting a sense of common interest among units of a department and even between departments.

On the other hand, as government activities have necessarily expanded, many of these office and other housing facilities have become inadequate. The usual, or simplest, answer has been to plan still larger office buildings located in the same city or in the same part of a city. Little thought has been given to the possibility of separating operating bureaus from department staffs, or of segregating certain activities of staffs and of bureaus which might be located elsewhere. The necessities of war induced some Washington departments and agencies to make temporary adjustments of this sort, but as soon as possible after 1946 there was a movement of many of these "separated" offices back to Washington.

Thus the size of plant needs in any one particular location depends not just upon work load of a department but upon the prevailing concept of desirable departmental organization in terms of the geographical location of its component parts. The prevailing concept in the past has encouraged larger and larger office buildings. It is altogether possible that a different concept, one which stressed the presence at a central point of only the top planning and supervisory staff, would result in quite different physical plant requirements.

To be sure, if any agency decides to handle a growing work load by more and more decentralization of its activities and personnel, this does not lessen the plant needs. It might even increase them somewhat in so far as total square footage of space occupied might be concerned. The more office locations there are, the more square footage will be needed, for example, to handle the very internal services we are now discussing. But even though total plant needs became somewhat larger under a scattered plan of office location, total construction cost might be reduced by locating a major part of the new development in areas of low land values.

The master plan also usually indicates the type of structure to be built. Type relates first of all to function. Obviously, if the building is to house offices, it will be an office building. If it is to provide domiciliary medical care, it will be a hospital. If it is to store supplies, it will be a storage building. If it is for research, it will be a laboratory. If it is for instruction, it will be a classroom building. One might continue thus indefinitely. In other words, functional use of a plant determines type.

But "type" in another sense may refer to architectural style. Here has been one of the troublesome difficulties in public construction. The prevailing taste in architecture tends to change. There was a period in which American public buildings were built on a massive scale with Greek columns and considerable ornamentation. Much of the construction in Washington in the 1920's and 1930's reflected this taste. In an even earlier period of the mid-nineteenth century the prevailing style of baroque and rococo was well exemplified in such Washington structures as the former State, War, and Navy Building in Washington, more recently known as the Executive Office Building, and the old Post Office Building. The same style may be seen in many city halls throughout the United States.

Changing tastes and the problem of high construction costs have led to many alterations in architectural style in the general direction of simple lines and little if any ornamentation. In some areas there has been reversion to earlier styles in harmony with local tradition or culture, such as the use of the colonial or Williamsburg type and the notable Spanish flavor of the municipal building in Santa Barbara, Calif.

Among government agencies, educational and hospital administrators in particular face the problem of harmony in architectural style, since their physical plant is usually built piece by piece over a period of time. Some architects now advise that a skillful blending of present-day ideas of style with the buildings of an earlier period can promote a harmony of appearance without slavish adherence to a former costly or less attractive style. Such blending may often be the solution to problems of cost and of utilization of modern architectural concepts.

The matter of cost in construction deserves special mention. In general, building costs have doubled or tripled since 1940 in this country. This means that modifications in design or type of structure which can reduce construction costs have become an urgent necessity for government. As we shall note subsequently, the financing of government capital plant is troublesome enough in any event. It has become doubly urgent to achieve every possible economy through simplified design, through maximum planned utilization of space, and through careful selection of building materials.

In so far as priority of building needs is concerned, this is a matter for management judgment. Each of the various component units of an agency will necessarily be convinced of the urgent necessity for new replacement or expansion facilities in order to carry on its work. Each will be convinced that its program is more important than any other program and that its needs should accordingly take precedence over all others. Such enthusiasm among specialists is a major asset of an agency. But new buildings can seldom if ever be acquired all at once, or over a short period of time. The adequacy of government physical facilities is a long-term objective, only a part of which can be realized in any year or few years. Thus top management faces the chore of fixing priorities in plant needs. Priority may be decided on the basis of the oldest buildings to be replaced first. Or it may be decided on the basis of greatest possible reduction in present plant maintenance costs. Or it may be decided on the basis of greatest relative growth in work load. Sometimes it may be decided on the basis of greatest external pressure or demand.

In many municipal governments today there is a local planning board which may advise the chief executive by presenting its evaluation of priorities among department requests. Such boards are not usually employed at the state or Federal level. Sometimes the budget office is asked by a chief executive to review the urgency of plant needs by operating agencies and to propose priorities. Sometimes the government public works engineer may be asked to review various needs. By differing methods and criteria, first department heads and then chief executives decide the priorities among building requirements.

Apart from general architectural sketches and elevations, administrative agencies do not usually prepare detailed plans and specifications for new plant until the required funds have actually been appropriated by the legislature. This often means some delay in getting new construction under way, since it takes a good deal of time to plan a building properly. Engineers have a rule of thumb which says that it takes as long or longer to plan a structure as it does to construct it. Additional delays may be occasioned by difficulties in site acquisition. Indeed, some agencies have found it useful to plan the acquisition of sites as a definite step in advance of construction of new plant, such as school buildings. Funds may first be sought for site purchase and later for actual erection of structures. But the master plans of administrative agencies for plant facilities are usually only a projection of needs and a declaration of intention. Land cannot be purchased, detailed architectural plans cannot be prepared, and construction cannot be started until the funds are actually appropriated by a legislature for these purposes.

The decisions on all these factors of size, type, location, and priority constitute a master plan of plant improvement and development for administrative agencies. The factor of location is so specialized that it must be given still further consideration in the next section. Yet we should bear in mind that decision making about location is a part of the master planning of government plant.

Locational Factors

The management of an administrative agency has to make two kinds of decisions about the geographical location of its activities. Regardless of the availability of funds with which to construct plant, an agency must house the activities for which it is currently responsible. This may mean the use of rented facilities rather than of facilities owned and operated by government itself. The question of the use of rented facilities will often depend upon the policy of a particular governmental jurisdiction. Frequently administrative agencies have no choice except to rent office facilities. The fact that the Federal government for economic reasons has refused to construct new office buildings since the beginning of World War II has meant that Federal government agencies have had to rent office space both in the nation's capital and in various centers throughout the United States. The fact that state governments find it difficult to finance state office buildings has compelled many state agencies to occupy rented office facilities. The fact that many city governments have had such a limited borrowing capacity needed for many different activities has again required municipal departments to rent office space.

On the other hand, many specialized types of government facilities can scarcely be rented. This is true of fire stations, schoolhouses, hospitals for the mentally ill, penitentiaries, military air bases, and atomic energy plants. When confronted with the necessity for facilities of a special nature, government has no choice except to build those which are urgently required.

The locational problem differs also somewhat with the nature of the government involved. In the Federal government, administrative agencies must decide in what states and also in what communities to locate their offices or other facilities. State administrative agencies similarly must decide in what counties and in what cities or towns to locate their offices and other plant. The administrative agencies of municipal governments are circumscribed by local government boundary requirements, but nevertheless have a choice about the particular sections of a city in which to locate needed facilities. For our purpose here we shall consider first the problem of Federal and state administrative agencies in deciding the location in which to place their activities. Thereafter we may notice the special problems of municipal government in accommodating its own as well as the plant facilities of other governmental jurisdictions.

Whether a Federal or state administrative agency is planning to construct new offices or other facilities, or to rent space required to carry on its existing program, it confronts several common locational considerations. A number of these factors may be termed "technical" in nature. Certain other factors are political.

As we have discussed previously in considering the organizational problems of field offices, work load is a major factor in deciding upon the geographical area of field offices and upon the center of the area. Such considerations as the availability and convenience of transportation and communication facilities may also influence the selection of places for field offices. The state of the labor market is another major factor, as well as the availability of rental facilities or land for construction. Thus, the Federal government during World War II endeavored to locate as many of its military facilities as possible on land already owned by the Federal government because such land was immediately available without cost. These technical considerations are quite evident and well known.

Political considerations may also influence the selection of local offices. Many legislators are disposed to believe that special plant facilities should be widely distributed geographically throughout the various sections of a state or throughout the various states of the nation. Sometimes a legislator who has been especially active in sponsoring some new legislation feels that he should have a voice in the location of the new offices required, or at least that his own community should enjoy the benefit of such an office. From the point of view of general relations with the legislature, administrative agencies find it advantageous to have offices widely scattered geographically, since legislators tend to be particularly interested in the work of agencies whole local operations they have had some occasion to observe. All these factors influence management judgment in the selection of locations for the physical plant needed in performing administrative activities.

A new factor has emerged in the last twenty or thirty years in this country in the location of public facilities within urban areas. Urban congestion has become one of the outstanding physical problems of modern living. Most large urban communities endeavor to control their physical characteristics through municipal planning. One of the techniques of such planning is careful selection of sites to be occupied by public facilities. This applies not only to the location of facilities of local government but to the location of state and Federal government facilities within the boundary lines of a community. The War Department, for example, relieved the congestion of downtown Washington when it located the Pentagon Building across the Potomac River in 1941. Here parking space could be provided for 8,000 automobiles. At the same time a good deal of new construction of roads and a considerable rearrangement of local transportation facilities were required in order to accommodate the new location. More and more, Federal and state agencies must locate their facilities within an urban community in terms of the municipality's own conception of desirable future growth. More than this, Federal and state agencies must think in terms of the impact of their operations upon local community congestion. Indeed, during World War II the Federal Bureau of the Budget operated an interagency committee on congested production areas in order to direct special attention by administrative agencies to a concern for the effect their work was having upon local communities. Since the end of World War II the Federal government has appropriated funds to aid school districts whose educational load has been sizably increased as a result of the presence of Federal military or other installations within their immediate vicinity.

In addition, municipal planners have come to realize that the location of public facilities has much to do with trends in land use. New school facilities in a section of a city may encourage more people to live in that section. Improvement in transportation facilities may have the same consequence. The location of a large government plant in a particular part of the city may encourage many people to build or purchase homes in that vicinity. For these reasons administrative agencies need to consult carefully with local planning groups in selecting sites for the construction of needed physical facilities.

Financing Capital Plant

The extent of any current program for constructing new facilities for administrative agencies depends upon budget or fiscal policy decisions of a government. For example, there was a great upswing in government construction activities during the 1930's because of the depression. In order to contribute to employment, and especially to the revival of the industries supplying construction materials, it was Federal government policy to expand its construction of needed plant facilities and to grant funds to state and local governments to do the same. The result was that in a few years many administrative agencies acquired plant improvements at a rate not previously experienced in American history.

World War II brought a decided change in this situation. General construction grants to state and local government came to an end. Federal government construction was concentrated on the exclusive end of providing the facilities needed to prosecute the war. And Federal government controls over the distribution of building materials meant that state and local governments had to curtail their own construction work substantially. At the end of the war some state governments had accumulated budget surpluses which were then used to finance new construction. Many local governments had accumulated borrowing capacity which enabled them to launch new construction. The Federal government then decided to restrict its own construction work in order to let these other activities go forward. Otherwise the inflationary pressures in the construction field would have resulted in an even more decided price rise. Even so, there were many kinds of projects which could not be postponed, such as veterans' hospitals, atomic energy plants, and multipurpose dams.

In the end the amount to be spent on new plant depends upon the budget situation of a government. Since most local government plant development is financed by borrowing, the debt capacity of the local government in any year largely determines how much may be spent for schools, hospitals, sewer plant, bridges and streets, and other facilities. Local government expenditures for capital improvements are generally controlled today through an annual capital budget and a four- or five-year capital improvement plan. In 18 states there is a rigid constitutional prohibition against state debt.[1] As a result in these states new capital plant must be appropriated for out of current tax revenues or must be authorized by specific amendment to the state constitution. In another 17 states borrowing is possible only after approval by the voters in a referendum.[2] In the remaining 13 states the legislature may borrow as it sees fit.[3] All states have a traditional opposition to the borrowing of funds. In consequence, most new construction has to be squeezed out of current revenues unless there is widespread willingness to authorize state debt for this purpose.

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[1] These states are Alabama, Arizona, Colorado, Florida, Georgia, Indiana, Louisiana, Maine, Michigan, Minnesota, Missouri, Nebraska, Ohio, Oregon, Pennsylvania, Texas, West Virginia, and Wisconsin. This information is taken from H. K. Allen, *State Public Finance and State Institutions of Higher Education in the United States* (New York: Columbia University Press, 1952), pp. 151–152.

In the Federal government the national legislature may tax or borrow as the legislature sees fit, but capital expenditures are authorized on much the same basis as current operating expenditures. This means that the cost of new plant must take its chances in the annual budget along with requests for current operating needs. In a time of full employment and an unbalanced Federal budget, construction projects are likely to receive a double scrutiny.

As we commented earlier in connection with budgeting, it has not been easy to resolve the question of how government may finance its capital-plant requirements in an orderly and regular fashion. It becomes increasingly evident that administrative agencies will have to plan their plant needs over a considerable period of time and can expect to obtain legislative approval of only a small portion in any single fiscal year or period.

Operation of Plant

In those buildings which government owns, and sometimes in rented quarters, plant operations and maintenance become major considerations. Although the owners or managers of rented facilities may provide plant operation and maintenance, occasionally a government agency may find it more economical to assume full responsibility for this work.

When government facilities such as military posts, hospitals, prisons, and state universities are located away from a large urban community or when they are large in size, an agency may own and operate its own power plant and other utilities. The proper operation of these utility services then becomes one of the special tasks of internal service; a plant engineer and utility workers must be employed to perform this work.

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[2] These states are Arkansas, California, Idaho, Illinois, Iowa, Kansas, Kentucky, Montana, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Rhode Island, Virginia, Washington, and Wyoming.

[3] These states are Connecticut, Delaware, Maryland, Massachusetts, Mississippi, Nevada, New Hampshire, North Dakota, South Carolina, South Dakota, Tennessee, Utah, and Vermont.

The major problem which arises in connection with these utility services is periodic consideration of whether such services can be more economically provided by the public utility servicing the area or by the administrative agency itself. When government plant is located in a relatively isolated area, there may be no choice. When government plant is located in a large urban area, a choice may be available. Thus, for example, the Board of Transportation, operating the New York City subway system, for many years generated its own electrical power. Subsequently it abandoned this arrangement in favor of obtaining its power supply from the public utility serving the area when it was found that this power could be provided at a cheaper rate.

Apart from utility services, the other major plant-operating problem is that of maintenance. Plant maintenance involves not only the daily or periodic cleaning of plant facilities but also the repair of plant. It is this last item which is most likely to suffer in government operations. Because there are so many urgent demands for the use of government funds, management is frequently tempted to contract the scope of plant maintenance operations in order to have funds with which to render essential public services. Such deferred maintenance continued over a long period of time, however, can become a serious matter. The failure to maintain plant in a good state of repair may mean large expenditures of a capital nature within a few years' time. Inadequate maintenance, indeed, is a form of capital consumption which may not be apparent immediately but which sooner or later means inadequate or impaired service to the public.

Because government does not charge depreciation upon its capital plant, there is all the more reason to try to keep plant in good working condition. Replacement costs mount over a long period of time. Even so, many structures can have a considerable period of useful life if they are properly maintained. On the other hand, maintenance of facilities which are completely obsolete may be a waste of public funds. Here is a matter of delicate balance which management must decide.

Recently, in various administrative agencies it has become regular practice to lay out a comprehensive maintenance plan so that essential replacement of parts of a structure can be accomplished over a period of several years. Thus roof replacement may be scheduled for one year, replacement of heating equipment for another year, replacement of plumbing and wiring for another year, and replacement of window sashes for still another year. Such careful programing of maintenance work is essential in order to ensure proper care of government plant.

Miscellaneous Items

Most government construction is done on a contract basis. Services of architects, engineers, and builders are obtained by contracting with private individuals and firms to perform the desired work. On rare occasions public works agencies of government may find it economically feasible to undertake some capital construction project on a "force-account" basis. This means that the government agency buys all necessary construction supplies and undertakes to build structures with its own regular operating employees or with workers especially recruited for the project.

Prevailing practice favors the contract as against the force-account method of public construction. It is not economical for government agencies to maintain large-scale construction personnel and equipment when the volume of such construction work is likely to fluctuate. Moreover, since the construction industry is primarily organized as a private enterprise in our society, it is more feasible for government to contract for construction services rather than to operate its own competing construction business. Indeed there is much evidence to suggest that the contractual arrangement provides greater efficiency and superior service to that which would be available on a force-account basis. But sometimes it is feasible to build small structures and to lay out parks on a force-account basis.

Prevailing constitutional doctrine provides that no government may tax the instrumentalities of another government. Federal and state government facilities do not pay property taxes to local government. Since local units of government must depend primarily on the general property tax to finance local government services, such tax exemption may become burdensome when state and Federal governments own large tracts of land. This is especially true if the activities carried on by the state or Federal governments increase the burden upon local services such as schools, recreation facilities, water supply, health, police and fire protection. As a result some administrative agencies of the Federal government and of state governments have found it desirable to make payments to local units of government in lieu of taxes. This practice is being followed, for example, by some state universities. It is being followed by the Tennessee Valley Authority in the operation of its power-generated facilities throughout the region. The growth of Federal grants to state governments and the increase of state funds granted to local governments may in a sense be regarded as an offset to the cost which may arise from Federal and state government activities in a particular area. The difficulty is that these grants are distributed for other reasons than the presence of Federal or state physical facilities in a particular locality. Accordingly, there is ample justification for the practice of administrative agencies of making payments to local governments in lieu of taxes. Such payments become an item of current operating expense and simply increase the total budget needs of an administrative agency. For this reason management avoids such payments if it is at all possible to do so. It is apparent that this problem of payment in lieu of taxation is likely to become more and more troublesome in the years ahead.

It must be evident even from so general a review that plant problems are a major concern for management, one requiring constant and careful attention. Management practices in capital-plant planning and in plant operation and maintenance are only beginning to catch up with the urgent needs in this field of internal service. Much remains to be done.

CHAPTER 16 *Internal Services: Supply and Other*

Adequate supply of government activities is a must. Little if any work can be performed if the equipment and materials essential to the job are missing, or are only partly at hand. Thus management finds it necessary to ensure that all operating units have enough supplies with which to perform their assigned tasks.

But too much supply can be as troublesome as too little. An excess quantity of equipment or materials means storage costs to care for the items not being used. Large inventories mean that operating funds are tied up in supplies and cannot be used for other purposes. Nor can a government agency dispose of its inventories with the same ease that is available to private enterprise. Once a government inventory is accumulated, it remains on hand until an elaborate process of declaring supplies excess and of arranging their disposal has been completed. Thus the supply problem of management is to have available enough but not too much of the equipment and materials employed in carrying out the work of an agency.

Indeed, all phases of supply activity are complicated in the public service by the extensive laws and regulations governing them. A good deal of experience over many years has revealed that supply is a government activity subject to political favoritism, chicanery, and outright graft. For this reason legislatures have seen fit to surround the actual purchase of supplies with many safeguards.

On the other hand, administrative agencies themselves have not been overly careful in the past in their stock management practices. Supplies once issued become the responsibility of the operating unit to use wisely and well. Often too little attention has been given to rates of consumption and to actual use made of equipment and materials. Sometimes government agencies fail to maintain inventory records of equipment with a considerable period of useful life once an item passes from a central storehouse into the hands of an operating agency. Yet such equipment is not only a government asset but might perhaps be used more effectively if transferred to another agency.

In 1949 a task force for the Hoover Commission endeavored to make some estimates of the supply and equipment operations of the Federal government, excluding those of the military departments. Annual supply purchases then ran around 6.5 billion dollars a year; current inventories in the District of Columbia alone were estimated at nearly 10 million dollars; and some 20,000 employees were engaged in supply activities.[1]

The supply report prepared for the Hoover Commission called emphatic attention to various "obstacles" in the way of an effective supply system. First of all, interpretations of the law relating to the award of contracts had been so narrowly construed by the Comptroller General as to prevent satisfactory supply of administrative needs. Second, personnel standards and practices had failed to recognize the importance of the supply activity and had not encouraged the recruitment or retention of able persons for this work. Third, budget and appropriation practices had discouraged careful supply procedures. Required funds had to be "guesstimated" almost two years in advance, elaborate justifications prepared, and extensive explanations given to the legislature. The sums for supply thus obtained were naturally regarded as the agency's to spend up to the limit. Fourth, agency records of supply consumption and costs had been inadequately maintained. Fifth, the records on purchase orders and payments had been especially voluminous. The same procedure and same documentation was required for the purchase of supplies costing $101 as for supplies costing 1 million dollars. Finally, the report called attention to the fact that a single statute passed during the Civil War governed purchasing procedure, while no legislation applied to such matters as storage and issue, traffic management, standard specifications, and commodity cataloguing. Yet there were 360 special statutes on the disposal of property.[2]

One result of the work of the Hoover Commission was the passage by the Federal government of the Federal Property and Administrative Services Act of 1949, approved June 30 of that year. This law was amended by acts of Sept. 5, 1950, Oct. 31, 1951, and July 12, 1952. In this legislation Congress declared that it was its intent to provide for an "economical and efficient" system for the procurement and supply of personal (as distinct from "real") property and nonpersonal services. The law then created a General Services Administration. The new agency was responsible for procurement, public buildings administration, and records management. The law then proceeded to set forth general provisions regulating the purchase of supplies, property management, property utilization, property disposal, and property surveys and cataloguing. The result was a simplified and comprehensive law on property management in the Federal government. Similar legislation might well be considered by state and local governments.

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[1] *Task Force Report on the Federal Supply System,* Appendix B, prepared for the Commission on Organization of the Executive Branch of the Government (Washington: Government Printing Office, 1949), pp. 2–3.

[2] *Ibid.,* pp. 6–16.

Inventory Control

Property management does not begin with purchasing but rather with the supply planning which necessarily precedes any procurement. An administrative agency requires systematic information about requirements for equipment and materials needed for future operations. These data are usually computed on the basis of consumption experience as revealed by inventory turnover, but some periodic check into actual use of issued supplies is desirable. Most civilian agencies do not store equipment except in unusual circumstances. Storage operations are confined to materials for which there is a fairly consistent demand. Sometimes items are carried in stock which are obtainable from the supplier without delay. When supplies are stored, stock levels determine reorder needs. It is not unusual for agencies to try to carry too large a stock inventory, which means undue storage costs as well as the danger of accumulating obsolete items.

Management needs to give continuing attention to the supply-planning and inventory-control practices of the agency. Data about quantities of supplies needed in performing work of a given magnitude, about quantities of supplies on hand, about desirable size of the current inventory, and about consumption trends are all necessary in order to determine actual procurement. Inventory control also requires a careful cataloguing of the items which an agency consumes. Under- or overbuying of supplies depends upon the careful supply planning which precedes it. The fact that there is no profit motive at work in the public service means that management must find compensating influences to check any disposition to stock an unnecessarily large quantity of supplies.[3]

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[3] Cf. *A Federal Inventory Control System,* Report of the Joint Property Accounting Staff (Washington: Government Printing Office, 1949).

Purchasing

Apart from centralized procurement in order to promote buying in large quantities, the principal concerns in government purchasing involve specifications, competitive bidding, and open-end contracts. Another organizational issue is whether government purchasing should locate buying offices in major marketing centers or in the central seat of government operations.

If a government buys in large quantities at any one time, certain small suppliers may be precluded from bidding since they cannot provide such large amounts. For this reason, some spreading of purchase operations over time and by various areas may prove advantageous. In addition, if an agency seeks supply sources near the major points of consumption, extra transportation costs may be avoided.

The specifications fixed for the supplies desired, not only in quantity and delivery time but in performance standards, may determine the potential number of suppliers. In general, government avoids buying by brand name and endeavors to set forth general qualitative requirements. Sometimes a few minor adjustments in specifications may enable more suppliers to compete. Just how far a government agency should go in altering specification is a troublesome matter, since there is always the question whether or not the alteration actually affects performance. Increasingly, government agencies have endeavored to develop standard specifications for numerous common items of purchase which will accord with general manufacturing and trade standards.

Competitive bidding is a more or less standard legal requirement in all government jurisdictions. In order to avoid political favoritism in awarding supply contracts, those agencies having procurement authority are required to advertise for bids, to open bids at a specified time and place where any person may attend, and to award the contract to the "lowest responsible bidder." This term "responsible" may sometimes create an opportunity for trouble; the government auditor may consider the administrative interpretation of "responsible" as "unsatisfactory." The 1949 legislation of the Federal government required advertising of bids except in case of emergency, contracts for professional services, research contracts with universities, medical supplies, research contracts with corporations, and certain other contingencies including reasons of national security. In addition, no bidding was required for items under $1,000 in cost. The law further stated that advertisements for bids should be made in "sufficient time," and that specification and invitations to bid should be such as to permit "full and free competition." All bids have to be "publicly opened at a specified time and place." If an administrator determines that all the bids are contrary to the public interest, no contract may be awarded. In the contingency circumstances specified by the law, an agency may negotiate terms and prices.

Most purchasing offices maintain bidders' lists of potential suppliers and endeavor to promote new sources of supply when this can be done fairly. Prices are studied continuously, and when possible government purchasing is timed to fit market fluctuations in demand. The Federal government has experimented extensively in contracts for standard items which fix prices but not quantities. These "open-end" contracts have proved advantageous in avoiding excess stockage and in ensuring immediate supply of needed items.

Prompt payment on purchase deliveries may usually result in cash discounts. This is an incentive for eliminating "red tape" in processing receiving reports, preparing vouchers, and writing checks.

Storage and Issue of Supplies

There are many technicalities today in effective warehouse management. Storage problems are many, from proper identification of items (complete and parts), desirable layout (by nomenclature, by number, or by bin size), consolidation of space requirements, and proper protection, to packing and packaging and satisfactory shipping sequence (last in, first out versus first in, first out). We mentioned earlier the great improvements which have taken place in warehousing methods in recent years, especially as the result of the palletized load and the fork-lift truck. These technical aspects of storage and issue are the province of personnel specially trained in warehousing techniques.

The major storage concerns for the top management of an agency, however, are two or three items in particular. The first is to consolidate the number of storage points in a few major centers of supply. The more storage points an agency operates, the larger are the inventories it must maintain and the higher the costs of its storage operations. In 1949 the Hoover Commission task force report on Federal supply reported that six major civilian agencies maintained a total of 748 different storage facilities.[4] It seemed obvious that this was too many different storage points. In the second place, the warehouse is the key point in the maintenance of inventory records and in proper stock control. Unless stock records are fully and promptly posted to reflect all receipts and issues, and unless the stock records are used in determining consumption experience and purchase requirements, an agency has failed in proper stock control. In the third place, a great deal of warehouse space may quickly be consumed by unused or little used equipment and materials. Some careful check is needed periodically in order to find out how much stock an agency is keeping in its warehouses which is obsolete or of such unlikely usefulness as no longer to justify warehousing. Disposal of excess property is a troublesome business in government, since it usually involves efforts to make sure that other agencies do not need the items and then requires competitive bidding for the actual sale. But these complications do not justify a management attitude of indifference to the disposal of unneeded supplies.

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[4] *Task Force Report on the Federal Supply System,* p. 55.

Maintenance of equipment and materials is a problem closely allied to storage. Most warehouses operated on any sizable scale are likely to have some kind of shop facilities incorporated within them. Supplies stored for any length of time may require periodic inspection of their condition and some maintenance work. Equipment no longer needed by a particular office may be returned to a warehouse; some maintenance effort may permit reuse of this same equipment. Management needs to be alert to the possibility that its maintenance operations, such as of motor vehicles, may be separated from its major storage activity, such as of spare parts. Duplicating maintenance and storage work may result, with consequent increases in cost.

The issue of supplies from storage points presents a problem in traffic management. The fewer the number of major storage points and the greater the items stocked, the more economy may be possible in consolidating shipments. In 1949 the Hoover Commission task force reported that 20 per cent of Federal government shipments involved commodities not ordinarily shipped by private commercial companies. Unless a government agency took the proper steps to obtain special quotations of shipping rates on these supplies "such shipments will move at unreasonably high commercial rates."[5] The rate structure for freight haulage is an intricate matter and requires continuing careful attention by large shippers. In this respect an administrative agency of government is in no different a situation vis-à-vis the common carriers, and especially the railroads, than a private commercial shipper. The careful routing of government traffic, the consolidation of shipping into carload lots except in emergency cases, and constant scrutiny of shipping costs are primary concerns of traffic management.

[5] *Ibid.*, p. 75.

Utilization of Supplies

The subject is so important that the utilization of equipment and materials may well be mentioned again. Agencies have first of all to differentiate between consumable supplies such as paper, ink, and pencils and durable equipment such as desks, typewriters, and automobiles. This latter equipment has a limited useful life, to be sure, but that life should be several years. Although periodic replacement is necessary, during the useful life of any durable equipment management needs to give careful attention to its full utilization. If this is not done, supply requirements mount.

Many government agencies apparently do not keep a careful inventory of their durable equipment, lack a definite replacement program, and fail to check actual use made of the equipment in the hands of operating units. Once equipment is issued, the receiving office tends to regard the property as its own peculiar possession rather than as government property. The use made of the equipment is then considered the individual concern of the unit where it is assigned rather than a legitimate interest of an agency as a whole. The cultivation of the desired attitude toward government property among all personnel is one of the real challenges to management.

Printing and Reproduction

The internal service of printing and reproduction need not detain us more than the moment necessary to emphasize once more that the volume of such activity in the government service is a sensitive matter indeed. Legislative and external critics are properly alert at all times to discover any attempt which may be construed as promoting a monopoly of government power. In the Federal government administrative agencies are forbidden to operate their own printing establishments except when authorized specifically to do so in special circumstances, such as in the printing of maps. State and local government agencies usually purchase printing as they would any other service within the limits of their available appropriation.

But although administrative agencies may not or do not operate their own printing establishments, more and more they have tended to acquire their own reproduction centers for mimeograph, multilith, and photo-offset processes. The costs of operating these reproduction centers, moreover, do not appear in the agency budget as printing but are incorporated in the requirements for personal services (the operators of the equipment), and for supplies (the necessary equipment and materials). The actual cost of maintaining this activity is known to management only if special attention is given internally to segregating these cost items.

The need for such reproduction centers in a large administrative agency is unquestionable. Staff communication, the preparation of many internally used forms, and even proper communication with the public may depend upon the ready availability of an internal reproduction service. But the possibility of abuse, or even more likely of an unnecessary large volume of reproduction work, must constantly be faced. Management needs some devices for controlling the quantity of work undertaken by these internal reproduction centers. Such control may be exercised by giving specific approval to each individual piece of material desired for reproduction by an operating unit, or by giving a reproduction allotment to each agency and running the central service by a transfer of funds. This last is a complicated bookkeeping method of operation but has the advantage of imposing limits upon reproduction while leaving some discretion in selection of items to the operating unit. In either case, departmental and agency management in the public service is well advised to keep its reproduction activities under careful scrutiny.

Transportation and Communication

What has just been said about reproduction may also be said about transportation. Government agencies purchase passenger transportation service from common carriers. The sums appropriated for travel therefore limit the total volume of moving about which an agency may authorize. Management in turn must allot these travel funds to the various operating units of the agency. The problem of equitable distribution and the necessity for deciding what is essential travel require some definite management policy.

On the other hand, an agency may seek to meet some of its travel needs by acquiring its own means of transportation, especially passenger automobiles. As we have noted, this is a practice which legislators tend to suspect. On the other hand, much administrative work depends upon the adequate availability of ready transportation, and this the passenger automobile provides, especially in a local community. Administrative agencies are usually expected to justify their operation of passenger automobiles carefully and thoroughly. Proper use records then become doubly important, both to prevent abuse of the service and to explain the need for the service at appropriation time.

Both internal and external communication by government agencies depend ordinarily upon use of the mail and of the telephone. Federal administrative agencies in the past have enjoyed the "franking" privilege of sending mail without the purchase of postage stamps. For a time after World War II Congress experimented with a requirement that every agency include postage in its appropriation request and so buy postal service from the Post Office Department as state and local administrative agencies do. The experiment was dropped, however, within a year because agencies submitted large budget requests for postage and began to complain about an undue restriction upon communication. It seemed simpler to return to the former franking practice. In 1953 further attention was given to the possibility of having Federal agencies "pay" for their mail service. The administrative agencies of state and local governments do not enjoy the benefits of free mail service.

Telephone service is a purchasable item for all government agencies. In all larger governmental jurisdictions it is customary for most administrative agencies to operate their own private branch exchange (PBX) or mechanical switching equipment. With the private branch exchange the telephone may be used for internal communication at a monthly equipment rental charge plus direct operating cost (the internal operators). Incoming calls can be handled without additional cost other than adequacy of the private branch exchange. Outside calls by personnel of the administrative agency represent a cost to the agency charged by the telephone company.

Many agencies have installed mechanical switching equipment because it lowers the personnel cost of operating a private branch exchange. But this almost at once results in a sizable increase in the number of outside telephone calls made from within an agency, since anyone can dial for an outside connection. There is no way to trace the volume of such outside calls to individual telephone stations under this method. When an agency installs mechanical switching equipment, it must be prepared to face the prospect of an increase in its telephone charges for outside service.

The major management problems in so far as telephone service is concerned are these: What type of service does the agency require for its work, and what personnel of the agency should have an individual telephone? These are not easy questions to answer. They may demand a good deal of internal study and even some external consultation with both the telephone company and independent advisers. Certainly careful study is necessary when telephone costs suddenly go up with no corresponding increase in agency personnel and work load, or when complaints arise from employees or outside that the service is slow. Needless to say, any sizable expansion in the work of an administrative agency also means attention to available communication service.

An individual employee needs "station equipment" whenever it will enable him to do his assigned work with greater speed or greater volume. This increase must necessarily be balanced with the cost involved. Unfortunately, the telephone is such a common instrument that its availability is considered a general privilege of employment. It may even be regarded as an indication of status and prestige within an organization. Few employees are ever informed about the costs entailed in providing the service. Intelligent sharing of stations is the commonest form of telephone economy. Sharing the same telephone line or connection is another form of economy.

There are several types of supplemental switching equipment which may be used, such as the cut-off for an extension station, the "hold-call" device, intercommunication, and multiline arrangements. It is just as important to have sufficient telephone service as to avoid having too much. Only examination of the needs of the individual situation and the "tailoring" of the service to the situation can solve the problem of necessary service.

The problem then remains of telephone "discipline," of keeping the volume of use within anticipated needs and of scrutinizing all requests for change in service. The major need is to inculcate in employees the understanding that the telephone is not a matter of personal convenience but of official business, and must be treated as such. There are also certain essentials of telephone courtesy which all members of an office force should be taught and expected to observe.[6]

In special circumstances an administrative agency may rely upon other means of communication than the two common forms of mail and telephone. But special requirements of the administrative activity are necessary in order to justify use of the two-way radio (as in police and fire work), teletype communication, special cable and wireless services, and other unique signaling devices. These need not require our attention here.

One further aspect of communication work does deserve mention. Many administrative agencies set up a message center for both incoming mail and incoming telephone calls. It may be worthwhile in certain instances to "log-in" all incoming messages in order to check the time required to answer public inquiries or to ensure that every incoming letter gets a response. Such a message center may be somewhat expensive to operate; it is indispensable in a large office with a great volume of incoming mail addressed to the agency as such and not to specific employees. Obviously, too, prompt distribution of mail is necessary if it is to obtain prompt response.

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[6] In making these observations the author has drawn partly upon a management bulletin of the Federal Bureau of the Budget entitled *Telephone Service: Basic Elements of Necessity and Use* (Washington: Government Printing Office, 1947).

Records Management

As government expanded the size of its activities, the problem of handling its records suddenly emerged as having overwhelming proportions. By 1948 it was estimated that the Federal government had accumulated about 18.5 million cubic feet of records, all but 4 million of which had grown since 1932. This amount of space was the equivalent of six Pentagon Buildings. Moreover, it cost 27 million dollars a year just to provide the space to house government records. If all these records were kept in four-drawer filing cabinets, it would have required 154 million dollars just in initial cost to contain such a volume.[7]

One reason why the magnitude of government records has grown so rapidly has been the increased use of mechanical office equipment. Thanks to these machines, it is possible to reproduce more papers than ever before at relatively low cost. But if these new quantities of paper records are not properly handled, which means disposing of the bulk of them, records become mountainous.

The solution to this situation has been the development and installation of a modern program of records management. The objective of such a program is to establish standards and controls for record making and record keeping, selective records preservation, scheduled disposal, and transfer of records to records centers. In 1950 Congress added a new Title V to the Federal Property and Administrative Services Act of 1949, known as the Federal Records Act, approved Sept. 5, 1950. This legislation directed the General Services Administrator to provide for the economical and efficient management of Federal records by developing and promoting standards and techniques for maintaining records "deemed appropriate for preservation" and for disposing of records "of temporary value." In addition, the Administrator was directed to promote the economical utilization of space and equipment needed for servicing and storing records. The Administrator was given authority to inspect or survey the record holdings of all Federal administrative agencies, and to set up records centers for the storage of retained records. The head of each administrative department and agency was directed by the law to "establish and maintain" an active, continuing program for the economical and efficient management of the records of an agency.

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[7] *Task Force Report on Records Management,* Appendix C, prepared for the Commission on Organization of the Executive Branch of the Government (Washington: Government Printing Office, 1949), pp. 2–4.

The records problem can conveniently be divided into two parts. One phase of records administration has to do with the survey of current and noncurrent records already accumulated to determine what may be disposed of and what it is desirable or necessary to retain.[8] No ready standards exist for making such determinations. Under Federal legislation approved July 7, 1943, no records may be disposed of or destroyed without approval of the Archivist of the United States and of Congress (through a committee of each house). The Archivist is expected to take custody of records deemed to have "historical or other value." Certain other records, such as purchase orders, must be kept for a period of time specified by statute. The customary practice is to discard records which are an obvious duplication of other records and then to retain the remainder. But by segregating current from noncurrent files and by storing noncurrent files away from the active seat of administrative operations, substantial economies are achieved.

The task force for the Hoover Commission estimated that 90 per cent of the cost of records space and maintenance could be saved by a transfer of noncurrent records from office space into well-planned records centers. One file cabinet in office space cost $29 a year to maintain; the same contents could be preserved one year in a storage center for $2.15. Military records centers set up during World War II found that they could achieve a turnover in records of from one-fourth to one-third a year by continuous screening.[9]

The second phase of records management is to control the current accumulation of records in order to cut down on the volume of retained records needed for current use. This can be done by eliminating widespread and unessential duplication of filed materials, by microfilming as a labor saving device in duplicating necessary records, by reducing the number of carbons and forms prepared and temporarily retained, and by eliminating unnecessary reports. This requires active attention by management to ensure that other prescribed practices are being fully employed.[10]

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[8] On the procedure of such a records survey or inventory see Homer L. Calkin, "Inventorying Files," *Public Administration Review*, vol. 11 (Autumn, 1951), p. 242.

[9] *Task Force Report on Records Management*, pp. 15–17.

[10] Cf. Philip C. Brooks, *Public Records Management*, PAS Publication 103 (Chicago: Public Administration Service, 1949).

The Administrative Officer

One final item of management organization must be mentioned in concluding this discussion. As we observed earlier, many administrative agencies have found it desirable to have a principal staff officer in charge of budgeting, personnel, management improvement, and the various internal services mentioned in this and the preceding chapter. Peculiar difficulties in the scope of authority for such an officer are likely to arise in a technical agency. For example, in a public-health department the department head and the principal staff supervisory positions as well as the heads of the operating units will be headed by public-health doctors or other professional personnel. But should the so-called "business" operations of management also be manned by medical personnel? Or should these posts be manned by men with training and experience in such fields as accounting, personnel, building management, purchasing, or any of the other service activities? The same questions arise in a public university. The instructional staff is expected to be made up of men and women specially educated for such duties. Shall the same sort of educational background be required for the so-called "business affairs" of a university?

There have been two good reasons for answering this practical question by saying that the business manager need not be a professional in the subject matter of the agency. The first reason has to do with the shortage of professionally educated personnel in some fields, especially in medicine. To convert a doctor, for example, into an administrative officer handling internal budget, personnel, and service problems is a wastage of highly educated personnel needed to perform the pressing substantive work of an agency. The second reason is that often persons with a different background from the professionally educated individuals doing the substantive work are better qualified to direct these operating and internal service activities on behalf of the chief administrator. Thus, professors educated in the humanities, the social sciences, and the natural sciences may take over the substantive administrative duties of a university having to do with supervising instruction, but a different kind of officer may be desired to handle the business affairs.

The complication in this arrangement arises when the administrative officer becomes so influential that other professional personnel believe he is invading their prerogatives. There is no doubt but that an administrative officer can and should be influential in determining general policy. He often knows more about the agency as a whole than the individual operating heads. He may even know more about the agency than the general administrator and his principal policy advisers. The reason is simple. Many professional persons highly competent in their specialty rise to high administrative post without any experience or training in the common problems of management, without any knowledge of the range of problems we have been considering in this volume. The kind of person who rises to top place as an administrative officer is much more likely to have had this peculiar kind of management training and experience. Moreover, in a large organization, the management specialist may easily acquire a sufficient working knowledge of the subject-matter specialty of the agency to make the intelligent broad decisions required of a general administrator.

It is unfortunate to find in government agencies, as one sometimes does, that a good deal of hostility has arisen between the general administrator and his policy advisers on the one hand and the administrative or "business" officer on the other. Any kind of personality conflict in the top positions of an agency is to be deprecated. But the solution does not lie in trying to suppress or belittle the importance of the administrative officer. Rather the solution would seem to lie in the better education of top professional personnel in the problems of management, not so that they can take over the task of directing the details of budgeting, accounting, and internal services, but rather so that they may share the point of view of the administrative officer. Much conflict in administrative agencies is frequently the result of a failure in understanding between professional staff and administrative staff.

As we have noted before, professional specialists tend to be enthusiasts for their particular work. We would not want it otherwise. But at the same time these enthusiasts tend to be restive under the restrictions imposed as a necessary condition of organized group life. There cannot be formal organization to achieve stated objectives without defined spheres of authority, without budget limitations upon the magnitude and scope of the work effort, without stated personnel policies and procedures, without the maintenance of plant, or without the provision of necessary supplies. Management is not just the planning and supervising of programs; it is equally the translation of group purpose into operations through an organized pattern of expected behavior and through budget direction. It is this second range of problems, the subjects here identified as the common problems of operation and of internal services, which the professional specialist so seldom comprehends and the administrative officer understands only too well.

Management in any agency is a blending of an interest in the substantive problems of policy and procedure with an interest in the mechanics of work operation and service. The general administrator needs to represent such a blending in his own person. His principal associates in program planning and supervision need to gain an understanding of the operational and service difficulties. His principal associates in handling details of work operation and service need to participate in the enthusiasm for the end purposes the agency exists to serve. Thus only can the goals of group organization be achieved.

CONCLUSION

CHAPTER 17 *The Values of Management*

This volume has been concerned with the common problems which management in the public service must decide in conducting public affairs. We cannot conclude, however, without a few words about the ends of management. Our interest here has been perhaps best indicated by the subtitle: *The Quest for Effective Performance.* These words have suggested that the principal concern in public management is effectiveness, or efficiency, in the operation of public enterprise. This is a firm conviction indeed of most persons who have written about administration. Luther Gulick has spoken of efficiency as the "single ultimate value in administration." [1] Herbert Simon has been much concerned to demonstrate that rational behavior in administration is primarily a calculation of means reasonably expected to realize a given end.[2] And Dwight Waldo has pointed out that economy and efficiency have been the twin beacons which have guided administrative reformers and writers in this country.[3]

But Waldo has also been critical of this trend. He has put his objection succinctly: "We hold that efficiency cannot *itself* be a value." [4] He has pointed out that efficiency is concerned only with relationships, and that it must therefore be defined in terms of some purpose or end. He has then gone on to discuss the proposition that efficiency may be merely descriptive of proportions involved in the performance of some work, such as costs in manpower, machine-hours, and materials. His conclusion is that the "descriptive or objective notion of efficiency is valid and useful, but only within a framework of consciously held values." [5] Waldo then pleads for a hierarchy of purposes, a "pyramid of values," which should be explicit in the writing about public administration. But he does not himself endeavor to formulate those values.

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[1] Luther H. Gulick, "Science, Values, and Public Administration," in Luther H. Gulick and L. Urwick, eds., *Papers on the Science of Administration* (New York: Institute of Public Administration, 1937), p. 193.

[2] Herbert A. Simon, *Administrative Behavior* (New York: Macmillan, 1947), especially Chap. III.

[3] Dwight Waldo, *The Administrative State* (New York: Ronald, 1948), Chap. 10.

[4] *Ibid.*, p. 202.

This is a challenge which every student of public administration must be willing to accept. In the past few years a number of persons have presented their tentative response. Robert Dahl has argued that the "student of public administration cannot avoid a concern with ends." [6] He has asserted that no science of administration would be possible until the place of normative values was made clear. In reviewing Waldo's book, Arthur Macmahon sketched the study of public administration in terms which suggested the existence of an implicit value system. He spoke of "the special conditioning role of purpose," of "the unique political context of public administration in each country at any given time," of how policy and program must condition structure and procedure, of "limited choice" in responding to administrative situations, and of "common characteristics" of human behavior.[7] These elements in administrative behavior were all subject to determination or evaluation in the light of value judgments. But Professor Macmahon did not go on to assert what these particular values might be. Emmette Redford has written that a "sense of the importance of values needs to pervade the study of administration," especially because of the growing importance of administrative agencies in defining the public interest.[8] And in reviewing a decade of writing about public administration, Wallace Sayre observed that students and practitioners "had become more inquisitive about basic assumptions and preferences." He observed further that heterodoxy rather than orthodoxy characterized the discussion of values, and that the debate was certainly not ended. But he was convinced that a sense of the importance of values had increased greatly in recent years.[9]

Yet even in 1950 a major text in public administration proclaimed the position "that knowledge of administration, like all knowledge, is

[5] *Ibid.*, p. 203. In the original the quoted words are italicized.

[6] Robert A. Dahl, "The Science of Public Administration: Three Problems," *Public Administration Review*, vol. 7 (Winter, 1947), p. 1.

[7] Arthur W. Macmahon, "The Administrative State," *Public Administration Review*, vol. 8 (Summer, 1948), p. 211.

[8] Emmette S. Redford, "The Value of the Hoover Commission Reports to the Educator," *The American Political Science Review*, vol. 44 (June, 1950), p. 283.

[9] Wallace S. Sayre, "Trends of a Decade in Administrative Values," *Public Administration Review*, vol. 11 (Winter, 1951), p. 1.

amoral."[10] The authors acknowledged that a code of ethics was important for the administrator, but they were not disposed to inquire into the source or nature of this code, or into how it might affect their primary interest in studying the techniques of influencing the behavior of organized groups. And there has even been some interest in reviving the old dichotomy between politics and administration by suggesting that policy making occurs when there is a "low level of predictive guides" for action in an administrative situation, while "administration" occurs when "there are highly predictive guides" for action.[11] It has been proposed that administration be analyzed in terms of purpose, and it is recognized that purpose expresses some desire for a general future state believed to be "good." But even so, some writers continue to believe that the student of administration is almost exclusively concerned with the means involved in realizing purpose and not with judgment about the sense of values which illuminate or dominate administrative behavior.

The present author would take a middle ground, if that be possible. It is obvious that much of the writing about public administration is concerned with procedures and processes. This volume has emphasized a whole array of problems which are involved, and which must be solved, in any given situation in order to achieve effective performance of the public service. But the author accepts effective performance as a relative or intermediate value only. He firmly believes it to be an important value. The political scientists and others who have dedicated their lives and their energies to advancing effective performance of the public service have not done so in vain. For the author would argue that effective performance of the public service is essential to a scale of higher values which condition and motivate management in the United States.

At the outset the author rejects the idea that maintenance of an organization in and of itself is a value to be cherished in our society. Although he recognizes the reality of the statement, he does not accept as desirable any such proposition as the following:[12]

> From a means, organization becomes an end. To the institutions and qualities which at the outset were destined simply to insure the good working of the party machinery . . . a greater importance comes ultimately to be attached than to the productivity of the machine.

[10] Herbert A. Simon, Donald W. Smithburg, and Victor A. Thompson, *Public Administration* (New York: Knopf, 1950), p. 22.

[11] James K. Feely, Jr., "An Analysis of Administrative Purpose," *The American Political Science Review*, vol. 45 (December, 1951), p. 1069.

[12] Harold D. Laswell and Abraham Kaplan, *Power and Society* (New Haven: Yale University Press, 1950), p. 44.

Unless an organization contributes continually to fulfilling some basic public service desired by and useful to all or a sizable part of our citizenry, that organization has no justification for its existence. Accordingly, the author rejects at once the proposition that the process of group life of and for the benefit of the members of that group generates a major value for our society.

Similarly, the author must reject the proposition that value inheres in organizational life as a means of acquiring power in our polity. It has been argued that a new elite is emerging in society throughout the world, that this elite is the managerial class, and that political power now resides in or soon will be seized by the members of this class.[13] Undeniably, administrators participate in the struggle for power, which is the very essence of political life.[14] But effective performance of the public service is not to be judged in terms of the political power acquired by management. The great growth of administrative agencies of government has not taken place in order to introduce a new element in the struggle for power or to provide a new avenue for the realization of power.

The proposition of this volume is simply this. Effective performance in the public service is a much-to-be desired end because of what it contributes to certain other values. The author does not pretend to be able to formulate these values with any degree of exactness or finality, but he believes these values can be conveniently summarized in a threefold scale. The essential ultimate values of management in the public service are satisfactory service, responsible performance, good government.

To endeavor to sketch the sources of these values in Western civilization would require many pages. The author will be content simply to fall back upon another threefold summary: our culture, our society, and our individual personalities.[15] The culture we have inherited, the society of which we are a part, and the individuals we are have all contributed in varying degrees and in different ways to our scale of values.

It has become increasingly popular in discussions of psychology to speak not just of "goal-oriented" behavior but of "value-oriented" behavior. We surely cannot ignore values simply because it is difficult to define them or because individuals define them in different ways. Modern civilization with its complexities does not pretend to a unity or absolutism of values. Or perhaps it would be more accurate to say, as Reinhold Niebuhr has so persuasively argued, that there is a marked distinction between ethical absolutes and cultural relativism.[16] Values must always be interpreted by many, no matter what may be their divine origin. And in the process, man is as apt to express his own cultural interpretation of ethical values as he is to voice revealed truth.

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[13] Cf. James Burnham, *The Managerial Revolution* (New York: John Day, 1941).

[14] Cf. Norton E. Long, "Power and Administration," *Public Administration Review*, vol. 9 (Autumn, 1949), p. 257.

[15] The author has taken this classification of causal forces in human behavior from Talcott Parsons and Edward A. Shils, eds., *Toward a General Theory of Action* (Cambridge, Mass.: Harvard University Press, 1951).

The author recognizes, then, that in postulating the scale of values here outlined he runs the danger of error. He has no authority other than what appears reasonable to him to propound that this is the basic, the fundamental, or the absolute set of values for public administration. The author maintains only that values must be formulated, discussed, modified, and interpreted to fit various conditions. In our culture and in our society, the author as an individual personality postulates this scale of values as those which management in the public service endeavors to promote. He goes further and maintains that effective performance in the public service has meaning in so far as it helps realize these values. And in turn, he cannot conceive of these values as having any validity without effective performance of the public service.

Satisfactory Service

A first value in the ends of public management must be satisfactory service. The political processes of a democratic society determine what government shall undertake to perform and on what scale. In this process, as we have remarked before, management as it already operates in the public service contributes its advice and influence. But once the political process has spoken, once legislature and executive (and occasionally judiciary) have disposed, it is management which administers. It is management which in large part determines how the assigned tasks shall be performed. And what goal then illumines the way for management to proceed? It is the goal of satisfactory service.

We may grant at the outset that any specific definition of satisfactory service is difficult to frame. We can at least enumerate ingredients of a definition.

Satisfactory service means equitable service, means fairness in the administration of government work. "We hold these truths to be self-evident: that all men are created equal." No American document has ever expressed the ideal more boldly or succinctly than this which we honor on July 4 every year. In the conduct of the public service, equality means that all citizens shall be treated equally in the eyes of the law and the administrator. No discrimination in the service provided by government can be tolerated because of the citizen's "race, color, or previous condition of servitude," because of the citizen's economic and social status, his party affiliation, his personal acquaintanceships, or his ability to reward the administrator. If the law directs that persons be treated differently, the categories of the law must be faithfully observed by the administrator. If the law sets a common standard of administrative behavior, then management may make only such distinctions as are reasonable and still preserve the essence of equity—the equal treatment of those of equal worth in the eyes of a divine Being.

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[16] Reinhold Niebuhr, "The Christian Faith and the Economic Life of Liberal Society," in A. Dudley Ward, ed., *Goals of Economic Life* (New York: Harper, 1953), p. 433.

Western philosophy has always cultivated the goal of equity. In the ethics of Aristotle the good man was a just man, and the just man treated others equally. The Master opened the gateway into the Kingdom of Heaven by saying: "Even as ye do it unto the least of these, my brethren, ye do it unto me." The Levelers of seventeenth-century England were epitomized in the words of Colonel Rainsborough: "The poorest he that is in England hath a life to live, as the greatest he." These and many others have awakened or reminded our conscience that in every person there is some bit of common importance, some element of common worth. The administrative conscience is not free from the same obligation. People are to be treated as individuals, not as pawns; they are entitled as a matter of being to common standards of service.

In the second place, satisfactory service means *timely* service. No performance of the public enterprise can be effective which is not on time. If the fire-fighting equipment arrives after the fire has wreaked its havoc, the service has not been satisfactory. The rubbish must be collected and disposed of on schedule. The school expected to hold its first class at eight o'clock in the morning must not begin to operate at noon. Our Armed Forces may have the finest equipment which the ingenuity of man can devise and which the technology of man can produce, but if the Armed Forces are not ready to repel attack when the crisis comes, no other characteristic can compensate for the lack of timeliness. Management must see that the public service is performed on time.

Satisfactory service means *ample* service. The Armed Forces have often employed as a favorite definition of logistics this exhortation: the *right amount* of supplies in the *right place* at the right time. An ample service means the first two of these attributes—the right quantity at the right geographical location. Equity or timeliness cannot be realized unless the required amount of service is also available. The citizen is not fairly served if geographical variations of substantial magnitude are permitted to affect the quality of public service. Management is therefore alert to the need to handle its load in such a way as to promote an ample service for all citizens.

Satisfactory service means a *continuous* service, one always available to the citizen who needs its assistance. The United States Post Office on Eighth Avenue in New York City bears across the top of its Grecian columns a slogan known to every school boy: "Neither rain, nor snow, nor sleet, nor dark of night shall stay these couriers in the swift completion of their appointed rounds." Here is the expression of a great purpose: No physical elements shall be permitted to halt the public service of mail delivery. The public service cannot operate one week and close the next to suit the whim or fancy of an administrator. Management's task is to be always on the job, always ready and prepared to do the required work in the public interest. We do not educate children in our public schools every other year. They must be educated every year. We do not collect taxes every other quarter but in all quarters of the year. We do not guide the commercial airplane to its safe landing at the airport in the daytime and ignore the aircraft which flies at night. The policeman's beat must be covered twenty-four hours a day. The public service must be continuously available.

And satisfactory service is a *progressive* service, a service which improves in quality and performance. Our modern technology has taught us the meaning of productivity—the ability to produce more with the same ingredients of men and resources. How do we do this? By eliminating waste and utilizing improved methods of operation. In this way we can hope to achieve increased productivity in the public service. There is evidence that this has been actually achieved.[17]

Western society believes in progress, in betterment. One of the cardinal tenets of our belief is in the perfectibility of man. This same belief has its application to the public service in management's conviction in the perfectibility of administration. To be sure, we can never attain this perfection. But to strive to do better is the essence of the belief. Management, too, strives to do better. The result is a public service which is progressive in nature.

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[17] For the general terms of this development, see the discussion in Solomon Fabricant, *The Trend in Government Activities in the United States since 1900* (New York: National Bureau of Economic Research, Inc., 1952), Chap. 7.

In 1952 an eminent public servant of New York City, James Marshall, who had completed seventeen years of voluntary, unpaid service on the Board of Education, included these comments in his address upon the occasion of accepting a community award:

> It seems to me that public service is far more of an art than a science and the satisfactions of public service more those of the artist than of the scientist. Agnes de Mille quotes Martha Graham as saying: "No artist is pleased. There is no satisfaction whatever at any time. There is only a queer, divine dissatisfaction, a blessed unrest that keeps us marching and makes us more alive."
>
> And so it is with a public servant who wishes to improve things. Such satisfactions as do exist are extremely limited. New problems, new pressures, new disequilibriums, new hot potatoes and cold comforts are forever crowding out satisfactions for the public servant. But there does exist this "queer, divine dissatisfaction," this "blessed unrest" which makes the efforts and the failures and the all too little successes rewarding and which "keeps us marching and makes us more alive."

A number of years ago the late Charles A. Beard declared that "the continuous and fairly efficient discharge of certain functions by government, central and local, is a necessary condition for the existence of any great society."[18] Modern government is strong only in proportion to its capacity to administer its functions effectively. The capacity of government to meet changing social conditions, such as the threat of an external hostile power, depends upon effective and wise administration.

Certainly effective administration cannot be conceived of apart from the realization of satisfactory service. There may be other ingredients to satisfactory service besides those mentioned here. But surely there will be common agreement that no definition can have meaning which fails to include such elements as equity, timeliness, amplitude, continuity, and productivity. Satisfactory service is the first great value to which management in the public service is dedicated.

Responsible Performance

The "professor with a style," Woodrow Wilson, wrote over sixty-five years ago that one of the purposes in the study and development of a "science of administration" should be to "crown its duties with dutifulness."[19] Wilson did more than express an end for the scholarly interest in the subject of government administration. Rather, he proclaimed a fundamental value of the administrative process, the value of responsible performance. As if he were foreseeing his own later political career and the perplexities of our own day, he declared: "There is no danger in power, if only it be not irresponsible."

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[18] Charles A. Beard, "Administration, a Foundation of Government," *The American Political Science Review*, vol. 34 (April, 1940), p. 232.

[19] Woodrow Wilson, "The Study of Administration," *Political Science Quarterly*. vol. 3 (June, 1887), reprinted in vol. 56 (December, 1941), p. 481.

It is not enough in a democratic society to have satisfactory administrative service, important as that may be. There is yet another, a higher value to guide management in its efforts. This is the value of responsible performance. Wilson expressed his concern in these words: "Administration in the United States must be at all points sensitive to public opinion." He added that Americans were "democrats by long inheritance and repeated choice." In a democratic society effective public service must include responsible performance.

For the able administrator the greatest personal rewards are those which come from a sense of accomplishment. The challenge to any administrator is to overcome obstacles, to understand and master problems, to use imagination and insight in devising new goals of public service. No able administrator can be content to be simply a good caretaker. He seeks rather to review the ends of organized effort and to advance the goals of administrative endeavor toward better public service. In other words, the able administrator is always concerned first with the policies and programs of his agency. It is primarily in their development that he finds the sense of a job well done.

But in a democratic society this questing is not guided solely by the administrator's own personal sense of desirable social ends. The administrator must convince others as well. He must work with interest groups, with legislators, with chief executives, and with the personnel of his own agency to convince them all that a particular line of policy or program is desirable. Responsible performance of the public service means that management provides direction for administrative effort by working with and through those institutional devices which exist to express the will of a democratic society.

Sometimes the institutions of democracy seem faulty or creaky. Sometimes those institutions are subverted by a few to their own special benefit. Sometimes citizens in large numbers seem indifferent to or careless of the functioning of their government. The public servant of long and distinguished devotion to the public weal may suddenly find his services terminated. The clamor of a few may be interpreted as the hostility of many. Suspicious of government by long inheritance, we citizens are likely to be especially and unduly suspicious of the public servant. Preoccupied by our own personal affairs, we as individuals overlook corruption or accept it as inevitable. We compensate public servants at low levels of remuneration and then express indignation because they are not honest or better qualified to perform their work. One might thus continue to catalogue the imperfections of a democratic society and polity for page after page.

The brutal fact remains that man has not yet devised any system of government superior to our democratic practices. The ideal we may not have found, but let the discouraged read the pages of 2,500 years of recorded political experience and note that other societies and governments have had their imperfections as well.

If as a society, then, we are devoted to democratic political institutions, management must be equally devoted to the value of responsible performance of the public service. Responsible performance requires a management sympathetic with the traditions of American political life, flexible in adjusting to changing demands upon the public service, alert to the need to reflect the ideals of American society.

There have been various concepts of responsibility in the history of Western man. Among various peoples and in recurring periods the responsibility of magistrates and of administrators has been proclaimed as divine in origin and in effect. Only the limitations imposed by God were acknowledged as binding upon earthly rulers. In temporal matters neither the institutions nor the practice of such responsibility were adequate to the purposes of man. For a time the Roman republic asserted the unique proposition that its officials were responsible to the citizens of the city as represented in the Senate. The acts of the state were performed in the name: *Senatus Populusque Romanus*. Even the emperors preserved the fiction, long after the Senate had been reduced to a shadow of its former glory by the twin scourges of political proscription and venality. Medieval society replaced the Roman with an upsurge of localism which found expression first in the feudal system of rights and obligations and then in the guild system for the gradually growing cities. The national state produced the idea of executive responsibility for the public servant. English developments brought with them the idea of legal responsibility based upon the common law as an expression of man's attachment to fairness and justice.[20]

From this history we derive our institutions of legislative, executive, and judicial power to which management must look for the formal statement of its authority and its limitation. Some may go farther and translate these institutions into propositions, such as that an administrative agency should be responsible for suggesting as well as executing public policy, that an administrative agency should not be held responsible directly to the people at large, and that an administrative agency should be responsible to the legislature through the chief executive.[21] Here it would seem that we are likely to confuse the institutions of political responsibility with the dynamics of the political process. A responsible management is concerned with both, but formalities require that management be especially responsive to the direction provided through our political institutions.

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[20] Familiar as these developments are to all students of government, special reference should be made to their mention in John M. Gaus, "The Responsibility of Public Administration," in *The Frontiers of Public Administration* (Chicago: University of Chicago Press, 1936), p. 26.

For years students of public administration have endeavored to suggest a dichotomy between "politics" and "administration." One reason for this effort has been to promote the concept of responsibility by management to a "higher order" of governmental operation, the decision-making process whereby the scope and magnitude of administration are determined.[22] More recently, a more realistic knowledge of administration has led us to appreciate that management does participate actively in this decision-making process, both in advising legislators and executives and in interpreting their intent. The recognition of this situation has produced a concern that the permanent civil servant abstain from party politics, that the permanent civil service be politically loyal to whatever party is in power, that the bureaucracy be led by an adequate coterie of politically appointed officials, and that civil servants be democratically motivated in their training.[23]

All these devices—educational, institutional, and procedural—serve only to underline the fundamental value with which we are here concerned, the value of responsible performance. Management guided by this value abhors the idea of arbitrary authority present in its own wisdom and recognizes the reality of external direction and restraint. Management guided by this value seeks to direct the work of administration through responsible leadership. There can be no effective performance of the public service in a democracy which is not responsible performance. But neither can there be any responsible performance without a management which exercises effective leadership of administrative activities.

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[21] Arthur A. Maass and Laurence J. Rodway, "Gauging Administrative Responsibility," *Public Administration Review*, vol. 9 (Summer, 1949), p. 182. The other propositions of the authors are these: An administrative agency should be responsible to pressure groups only to the extent necessary to equalize the safeguarding of conflicting interests, to acquire specialized knowledge, and to obtain consent for the agency's program; an agency should be responsible for conforming to the general program of the chief executive and for working cooperatively with other administrative agencies; an agency should be responsible for applying such professional standards of ethical conduct as are relevant to its activities; and an administrative agency cannot be held responsible directly to a political party.

[22] Cf. David M. Levitan, "The Responsibility of Administrative Officials in a Democratic Society," *Political Science Quarterly*, vol. 61 (December, 1946), p. 562.

[23] David M. Levitan, "Public Service Neutrality," *Public Administration Review*, vol. 2 (Autumn, 1942), p. 317. See also Marshall E. Dimock, *Modern Politics and Administration* (New York: American Book, 1937).

Good Government

There is yet a third and still "higher" value in the scale of management commitments in the public service. This is the goal of good government. Ever since the days of Plato and Aristotle the intellectual of Western society has debated the conditions and machinery of good government. That debate has not ended; it will continue, we hope, unabated for generations yet to come.

Obviously here we can do no more than to suggest an interpretation of where we have arrived institutionally in our own society in this eternal search. The author knows no reason to propound that we have now arrived at the perfect solution. The author would maintain only that we have our own peculiar working solution as of the moment. We think that this working solution has fundamental merits. We are attached by tradition and sentiment to these working arrangements of what seem to us to constitute good government. As a society we hold these present working arrangements in some respect. Accordingly, in our society we expect management in the public service also to pay respect to the working arrangements of good government.

The basic problem of government throughout the ages has been how to reconcile the dignity of the individual with the requirements of social cohesion. The problem, of course, does not exist in a society which attributes no value to the individual person. But Western civilization has been distinguished above all else by its profession that men as persons are equal in the sight of God. But through most of our history we have failed to find the institutional devices competent to give reality to that profession of faith.

In our own time we believe we have made some progress in institutionalizing the goal of a free society. We have done this in two basic ways. First, we have left large areas of human life to the control of nongovernmental bodies, and we have prevented private groups from obtaining the sanction of governmental power by a continuing competition with one another. We have found democratic safety in numbers. Monopoly has been abhorrent, whether it be monopoly in church, in the skilled trade, in business, or in the political party. Rather our society has institutionalized conflict, and has made that conflict constructive by insisting upon certain common rules of the game, of which tolerance for differences of opinion and some choice by the individual of the social groupings he wishes to join have been especially important.

We call this society of perpetual conflict "free" because the individual has some mobility of status and because no one social grouping can or does exercise authoritarian power. We have done more, then, than recognize, in the words of Professor MacIver, that community can exist separate from government. We have promoted diversity and variety in that community to such an extent that conditions of growth and change have actually been achieved.

In writing the tenth essay for that collection of papers we know as *The Federalist,* James Madison lamented the existence of factions in society. He held it to be a major virtue of the newly written Constitution of 1787 that it subordinated faction to the wise counsels of representative and separated government. Madison was mistaken. The counterweight to faction was not its subordination but the existence of more factions of approximately equal strength. The danger to our free society is that any one faction should ever become dominant.

The author does not claim that this happy state of affairs in our community where the individual flourishes in the conflict of competing groups has resulted from the genius of any one man's, or any few men's, brains. An evolutionary society born on a wilderness continent and seeking maturity amid the bounteous plenty of a beneficent nature has found a practical means for expressing an age-old dream.

In other words, a primary characteristic of good government in a free society, as we now understand it, is the existence and preservation of circumstances which perpetuate a multiplicity of social units performing many of the complicated tasks of modern society. We cannot now envision the preservation of individual freedom apart from an environment of healthy social pluralism. Management must understand this fact.

But variety and diversity in social groupings is only one foundation stone for good government. There is something more. Our society has endeavored to leash political power. Long before Lord Acton framed his famous aphorism, Western man had learned that power corrupts, and that absolute power corrupts absolutely. The challenge which confronted the Founding Fathers of our republic one hundred and seventy years ago was how to reconcile governmental power with freedom. Their answer was a government of shared power and of limited power.

Governmental power was shared in two ways—it was shared by the hierarchy of federalism, and it was shared by a separation of process into legislative, executive, and judicial branches. In this sharing was to be found the antidote to the absolutism which enables power to corrupt. By a carefully contrived separation of governmental power that collusion dangerous to men's liberties was to be avoided. Fortunately, the framers provided a constitution in the truest sense of the term; it was capable of life and growth. This system of shared power made possible the development of a national economy and then recognized that a national economy could be influenced governmentally only by the national government. And in times of crisis the branches of our government have displayed a surprising, one might say almost an unexpected, capacity for joint action without any major loss of separate identity.

Ours is a government also of limited power. The constitutions of our Federal and state governments express a social consensus that there are some things government shall not do, and other things which shall be done only according to a prescribed procedure. We have said that government shall not abridge the exercise of free speech and of free assembly, nor shall it establish a state religion. It shall not deny the equal protection of the laws, nor inflict cruel and unusual punishments. In so far as procedures are concerned, government shall not take private property except with just compensation. And a person shall not be deprived of his life, liberty, or property except by due process of law. The provisions of what constitute a fair trial are specified in some detail. In these and in other matters our government is a limited government. We have acknowledged by instruments of fundamental law that governmental power shall be restrained in what it does and how it does it.

Our concept of good government therefore embraces in practice two basic propositions: that our community may exist and operate in essential respects outside the domination of government, and that governmental power shall be both shared and limited. The protection and preservation of these concepts rest upon society itself. If we are to continue to have good government in a free society, the leaders and followers in that society must understand and cherish the working arrangements which make good government possible.

As has been said, no one can well proclaim that these present working arrangements of our society are a perfect or final solution to the age-old quest for good government. Human experience and wisdom suggest that what we now have are satisfactory solutions to our present conditions and needs; indeed, are the best available solutions. The democratic process as we understand it has provided us with the best-known mechanism whereby society can validate the value judgments without which no organized society can operate. The voice of the people may not be the voice of God, but it is the only voice we accept for operational purposes. Yet even here we expect the voice of the people to be expressed with appropriate self-restraint.

It is too much to claim that the administrator in the public service must bear the burden of the responsibility for maintaining and preserving good government. We may say about management, as Professor Alexander Leighton has said about social scientists,[24] that it is responsible for directing its work toward the welfare of mankind, but that management shares this responsibility with others and cannot fulfill it unless the society of which it is a part understands and supports the effort. What Professor John Gaus terms the "ecology of government" shapes and influences the behavior of management.[25]

We must also recognize that there may be at any time a considerable gulf between the operational ideals and the operational practices of a society. There are persons who, suddenly struck by the size of this gulf, come to believe that the ideals are meaningless. This does not necessarily follow at all. What counts is whether the ideals are cynically disregarded as so much popular pabulum, or whether the ideals are operational in the sense that they guide and inspire man in his conduct. If man did not believe in perfectibility, he might cease to strive to do better. It is when ideals have lost their power to command man's allegiance as a standard of conduct that a society loses its will to advance and sinks back into the animal kingdom.

Let us then take for granted these propositions: (1) that our society is committed to the value of good government, and (2) that our society has found working arrangements for good government in circumstances where government does not undertake to perform or direct all social functions and where government enjoys only shared and limited power. What do these fundamental propositions mean for management in the public service? It seems to the author that these propositions have very specific and concrete meaning for management. In formulating and advocating public policy, a management which accepts these propositions will behave in particular ways. Such management will not seek to aggrandize government activity to the point where other social groups can no longer operate effectively. Such management will not seek to promote monopoly among social groups —a monopoly in business, in church, in labor unions, in education, or in any other area of social endeavor. Such management will not seek to overthrow the limitations placed upon government power, as in denying free trial or hampering free speech. Such a management will not seek to end the sharing of government power between Federal, state, and local units, or to alter the distribution of government power between legislative, executive, and judicial branches.

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[24] Alexander H. Leighton, *Human Relations in a Changing World* (New York: Dutton, 1949), p. 207.

[25] John M. Gaus, *Reflections on Public Administration* (University: University of Alabama Press, 1947).

In practice the concept of good government has very real meaning for management in the public service. This value places certain responsibilities and obligations upon management. The purposes which management pursues, the methods which it uses, the use made of the results it accomplishes—in all these respects management in our society is expected to promote and preserve the conditions of good government. An effective management in the public service is one dedicated to good government.

Summary

This volume has been concerned with presenting the state of our present knowledge about the common phases of management work devoted to the effort of achieving effective performance of the public service. But efficiency is not some mechanical goal or an intrinsic value end. Effective performance means more than this. It means satisfactory service; it means responsible performance; it means good government. These are the primary values expected to motivate management of the public service in our society.

These values cannot be realized in the absence of effective performance of the public service. American practitioners and students have not been concerned with the mechanisms of administrative action just because they find some inherent satisfaction in gadgets. The concern is more profound than that. We are motivated to strive for effective performance of the public service because only thereby can we hope to attain the fundamental values we hold dear.

In the 1920's an eminent business journal expressed the point of view that the logic of American government required the public service to be ineffective, to be increasingly unsatisfactory in the performance of its appointed tasks. Only in this way, the magazine editorialized, could Americans protect their freedom from the encroachment of government.[26] From time to time there have been others who raised their voices to a similar theme.

No one needs to be reminded today that government has come to occupy an extensive role in our society. By 1950 1 out of every 8 em-

[26] *Nation's Business*, November, 1928.

ployed persons was either a civilian servant or a military servant of government. In 1900 the ratio was only 1 out of every 25 workers. By 1950 government owned over one-fifth of the capital assets of the nation, compared with 6.6 per cent in 1900. By 1950 government expenditures had climbed from just under 2 billion dollars in 1903 to over 60 billion dollars.[27]

Yet it is reassuring to know that this expansion represented no revolution in the pattern of government functions in the United States but resulted rather from an increase in the magnitude of activities long regarded as governmental in character. A number of factors have influenced this development: population change, advancing technology (requiring improved highways, for example), growing industrialization and urbanization, increased national wealth and its widespread distribution among all classes, economic depression (in the 1930's), and a threatening international situation (continuous since 1938). We may reasonably conclude with one observer that "the major theme is growing economic interdependence" and that "the rising trend of government activity also is a concomitant of economic growth." [28]

"Big democracy" we now have with us. Effective performance of the public service is an absolute necessity for our national survival. But we expect the management entrusted with the manipulation of the means for achieving effective performance to have an abiding faith in the fundamental values of satisfactory service, responsible performance, and good government. Lacking a commitment to these values, management in the public service is but a tinkling bell and a clashing cymbal.

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[27] These figures are taken from Fabricant, *op. cit.*

[28] *Ibid.*, pp. 144 and 149.

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